Canadian Radio-television and Telecommunications Commission

Conseil de la radiodiffusion et des télécommunications canadiennes

1977

COMMENTS

COMMENTAIRES

PAY TELEVISION

TÉLÉVISION À PÉAGE

VOLUME 2

Nos. 50 thru 58

Nos. 50 à 58

Low mon
172-2/
(Pay TV)

Mr. Curly Posen,
President,
Canadian Motion Picture Theatre Owners,
21 Dundas Square,
Toronto, Ontario.

COMMENT
COMMENTAIRE
N-50

April 19, 1977.

Mr. Harry Boyle,
C.R.T.C.,
100 Metcalfe,
Ottawa, Ontario.

Dear Mr. Boyle:

I would like to discuss the effect of Pay T.V. proposals on the small town theatres.

Independent Canadians own or lease theatres in small towns, who manage, clean and are members of all affilliated clubs in these towns and also work with schools and are an integral part of their communities where entertainment and cultural facilities are limited.

Theatres in small towns are the core of these towns if you check you will find that towns without theatres are strictly ghost towns.

Pay T.V. is one sure way of our independent theatres to go out of business and the foreign film companies will gather more profits to send out of the country.

As far as Canadian films to show that are now produced to make money re: Pay T.V. , I can guarantee that unless they start making commercial films, the people investing in them will go down the drain as well.

As stated the only ones who can benefit from Pay T.V. are only the cable companies and film companies. The people of Canada never will because they are now getting this service from cable T.V. at a very nominal charge, and now the Government wants to help them, the foreign elements, do what the Government keeps crying that they want to stop.

We have about 90 small town exhibitors who are just keeping their heads above water besides giving employment to towns who have no industries and now you want to deprive these people of that.

I would like very much to appear at the hearing.

Yours truly,

Curly Posen per/mkf

Curly Posen,
President.

CP:mkf

Bureau ... May 2 1977 C.R.T.C. - Ottawa

HEAD OFFICE · BOX 3438 STN. D
EDMONTON, ALBERTA T5L 4J3

PH 455-1766 TELEX 037-3463

This correspondence from HEAD OFFICE - EDMONTON

COMMENT
COMMENTAIRE

ADD TO N-51

May 2, 1977

Mr. H. G. Boyle
Chairman
Canadian Radio-Television Commission
Berger Building
No. 100 Metcalfe Street
Ottawa, Ontario
K1A 0N2

Dear Mr. Boyle:

By way of introduction I will explain that our Company and its affiliates own or operate approximately sixty Motion Picture Theatres in Western Canada. We are an Independent Canadian Company with our Headquarters in Edmonton, Alberta. We are members of the Motion Picture Theatre Associations of all four Western Provinces. We employ approximately 350 people throughout our Company.

It has come to my attention, via the Motion Picture Theatre Association of Alberta, that the C.R.T.C. had invited submissions with regard to Pay-Television. If time will still permit, I would respectfully submit the following, on behalf of our Company:

We subscribe fully to the position of our National Association, The Motion Picture Theatre Associations of Canada, which was submitted to the C.R.T.C. on March 13, 1975, by our past President, Mr. Paul Morton. We also fully support the supplementary position which was put forth in his letter of September 13, 1976, to Mr. Guy Lefebvre.

In his submission of March 13, 1975, Mr. Morton put forth the position that in order to be successful Pay-Television will require in its programming a high percentage of feature-length movies. He explained that the competition from Pay-Television for the rights to exhibit feature length motion pictures will place an added burden on the Exhibition Industry, in Canada. This Industry is already in the position

...../2

of not being able to obtain enough quality features. However, Mr. Morton did not voice another effect which Pay-Television will have upon our Industry:

> Pay-Television will further fragment an already decimated television viewing audience. It will remove a substantial audience from the programming which is presented by Free-Television stations. Since it is the intention of the Commission to maintain Pay-Television "commercial free", our Industry and many others, will be losing the opportunity to present commercials to this siphoned audience. The decreasing effectiveness of our television advertising would be directly felt in our box office receipts. Our industry has th unfortunate example of this siphoning in the effect which we felt with the advent of cable companies carrying the United States networks. The television advertising of feature length motion pictures is second only, in effectiveness, to the in-theatre advertising by way of on-screen theatrical trailers. By reducing their effectiveness Pay-Television will add an additional burden on our Industry.

The loss of attendance, resulting from the reduced effectiveness of television advertising, is not the only effect generated by the above situation. As television becomes a less effective medium the budget dollars allocated to that medium are reduced. The result is less revenue to Free-Television stations from the Exhibition Industry in Canada. I am certain that the Free-Television stations have made the C.R.T.C. aware of the effects that decreasing revenues will have upon their Industry.

I would like to strengthen Mr. Morton's submission re the small town theatres by adding that there are, in our Company, and in others that we are aware of, many small town theatres which are barely surviving. Any additional pressure or competitition from Pay-Television could very well spell their demise. It has also been our experience that upon the closure of a small town theatre, the entire business community immediately feels its loss. The motion picture theatre is still a magnet in any community. It has also been our experience that once closed, these small town theatres never reopen.

In conclusion, I would suggest that if the Commission intends to introduce Pay-Television, into Canada, that they seriously consider Mr. Morton's proposition that it be done on a limited test basis in order that all the ramifications of its introduction might be considered before a wide spread program was undertaken.

....../3

Thank you for your time and the opportunity to present this submission.

Yours very truly,

TOWNE CINEMA THEATRES (1975) LTD.

Brian F. McIntosh
General Manager

BFM/mab
cc: Mr. P. H. May
President
Towne Cinema Theatres (1975) Ltd.

Mr. T. Yushchyshyn
Operations Manager
Towne Cinema Theatres (1975) Ltd.

Theatre Agencies Limited
PHONE 264-4660 — TELEX 038-21625
522 - 11th Ave. S.W.
CALGARY, Alberta T2R 0C8

April 18, 1977

972-2/
Re: MOTION PICTURE THEATRE ASSOCIATIONS OF CANADA

COMMENT
COMMENTAIRE
N-51

Mr. H. G. Boyle
Chairman
Canadian Radio-Television Commission
Berger Building
100 Metcalfe Street
OTTAWA, Ontario K1A 0N2

Dear Sir:

I was advised in a round about way that the Commission was again looking for submissions with regard to paid television.

For the record, I would like to point out that the position of the Motion Picture Theatre Associations of Canada has not changed and the statements outlined in the initial submission of March 13, 1975, and Mr. Paul Morton's letter to Mr. G. Lefebvre dated September 13, 1976, are still valid and represent the position of the Motion Picture Theatre Operators in this country.

The only thing I might like to add is, as an independent exhibitor and representing the bulk of the independent exhibitors in Western Canada, the statements outlined in both those documents were not strong enough in my opinion.

Respectfully yours,
Motion Picture Theatre Associations of Canada

Hector H. Ross
President

HHR/lb

Received — Recu
Executive Assistant's Office
APR 20 1977
C. R. T. C. — Ottawa

Motion Picture Theatre Associations of Canada

175 BLOOR STREET EAST, TORONTO, ONTARIO M4W 1C8
PHONE 929-0865

September 13, 1976

Member Organizations
MOTION PICTURE THEATRE ASSOCIATION OF BRITISH COLUMBIA
•
MOTION PICTURE THEATRE ASSOCIATION OF ALBERTA
•
SASKATCHEWAN MOTION PICTURE EXHIBITORS ASSOCIATION
•
MOTION PICTURE THEATRE ASSOCIATION OF MANITOBA
•
MOTION PICTURE THEATRES ASSOCIATION OF ONTARIO
•
ASSOCIATION DES PROPRIETAIRES DE CINEMAS DU QUEBEC INC.
•
ATLANTIC MOTION PICTURE EXHIBITORS ASSOCIATION

Mr. Guy Lefebvre
Director-General of Licensing
Canadian Radio-Television Commission
100 Metcalfe Street
OTTAWA, Ontario.

Dear Sir:

The Commission has again asked for the filing of submissions in regard to Pay Television. Our Association regrets that Madame Sauve chose to disregard the policy position set out by the Commission last December, deferring the introduction of Pay TV into Canada for at least five years.

Our Association appeared at the June, 1975 Public Hearing on this matter (we attach herewith a copy of the submission made at that time).

Our position has not changed since that time. We still oppose the introduction of Pay TV into Canada until such time as the Government has done sufficient research to ensure that it is in the best interests of this country.

We presume that the Government has chosen to ignore the position of motion picture theatre operators in this country, primarily because of the highly visible and admittedly significant position of the two largest companies, Famous Players and Odeon Theatres (Canada) Ltd., both of which are foreign controlled. However, those two companies represent significantly less than half of the motion picture theatres in this country and it is safe to presume that they will be the ones least affected by the introduction of Pay TV in Canada.

Since the time of the last hearing, one factor out of the many unknowns on Pay TV has been resolved. That is, that motion picture distributors are not looking to use Pay TV to replace theatres, but rather as a supplementary source of income to themselves before selling a film to free TV.

It appears to be the policy of the major suppliers of film to Pay TV that they will release a picture approximately eight to twelve months after the initial theatrical release.

It further appears that, based upon the American experience, the primary staple of Pay TV is motion pictures. Based upon these facts, we question the benefits to the Canadian public of having a Pay TV system introduced

contd...

Mr. Guy Lefebvre
Director-General of Licensing
Canadian Radio-Television Commission

September 13, 1976

which will only create an additional expense to the Canadian public by having them pay for a product which they are now receiving over free TV with the only advantage that they will see it some six months earlier.

In conclusion, we again suggest it is not in the public interest to introduce Pay TV at this time, and ask the Commission to adhere to its previous policy statement of December 1975.

If, in the wisdom of the Government, there must be an introduction of Pay TV, then let it be done on a limited test basis so that all the ramifications of it may be considered before a widespread program is undertaken.

Respectfully submitted,
MOTION PICTURE THEATRE ASSOCIATION OF CANADA

Paul Morton
President

PGM/ed
encl.

Motion Picture Theatre Associations of Canada
175 BLOOR STREET EAST, TORONTO, ONTARIO M4W 1C8
PHONE 929-0865

364 Smith Street
P.O. Box 1053
WINNIPEG, Manitoba
R3C 2X4

Tel. No: (204) 943-2546

March 13, 1975

SUBMISSION TO CANADIAN RADIO AND TELEVISION COMMISSION IN RESPECT TO THE COMMISSION'S POSITION PAPER ON PAY TELEVISION SERVICE

The Motion Picture Theatre Associations of Canada, representing all Provincial theatre associations, which in turn represent over 90% of all theatres in this country, would like to comment on the position paper for pay television service, as requested by the Commission in your Public Notice 1975/15.

The Commission has acknowledged that there has been a decline in Motion Picture theatre attendance, which you state is down by two-thirds from that of twenty-five years ago. It is of consequence to note that the period of decline is coincident with the introduction of television into Canada, and it is also worthy of note, that in the past five years, the decline has stopped and attendances are again on the increase in all areas of the country.

Our Association was most distressed to see in Section 2 of the Commission's position paper that under the heading of "Major Concerns",

there was no recognition whatsoever of the potential effect on other industries and, more specifically, on what the effect might be to both urban areas and rural communites, if there was a further decline in theatre attendance, to an extent which would affect our viability as an industry and as a significant factor in the socio-economic life of our communities.

The Commission has also stated, "that in the initial stages of pay television, foreign produced material may be necessary for its success. This material might take the form of feature motion pictures.....". This is the same material that is necessary for the survival of motion picture theatres in Canada.

Our Association recognizes the problems of developing Canadian production for both motion picture theatres and television, be it free or of the pay variety. However, we totally reject the contention of the difficulty of Canadian producers to obtain exhibition opportunities in Canadian movie theatres. Members of our Association have consistently been prepared to exhibit any Canadian-made pictures which have even a borderline opportunity to be commercially viable. We contend that the films which do not get played are those that do not merit theatrical exhibition based on any reasonable criteria.

The Commission must recognize that it is not a function of the theatre operator to engage in the production process. The reasons why the exhibition branch of the industry has, by and large, not been involved in any significant amount of production, either in Canada or elsewhere, are threefold:

1. Over the twenty-five year period referred to by the Commission

since the advent of television, the industry has been struggling to survive. There have not been the financial resources available to participate in motion picture production. Figures on the profitability of the industry are available to the Commission.

2. The Motion Picture exhibition industry does not have the available talent within our organizations to fulfill a meaningful role in production. We regard this area as one which is best left to independent producers and packagers for whom this is their primary occupation, and livelihood.

3. If the resources and talent were available, we would suggest for theatres to produce their own pictures, and be in a position to totally exclude the independent producer of film because our needs are being met internally, would be so detrimental to the independent producer of feature length Canadian films, that it would be regarded as not being in the best interests of our country to have this situation exist.

We regard the Commission's implied criticism of the exhibition sector of the Motion Picture industry in Canada as most unfair. We consider our role as being equivalent to the retailer in normal commercial transactions. We have the obligation to bring the best products, i.e. films, to our communities from whatever source they are available, Canadian, American, or other foreign countries. We are not a regulated industry receiving special benefits, or exclusive licences from the Government, such as is television or radio. We submit that we have fulfilled our role in the marketing of motion pictures in the best interest of the public of Canada.

DETRIMENTAL EFFECTS WHICH COULD RESULT FROM INTRODUCTION OF PAY T.V.

We do not believe that any sophisticated economic analysis is necessary to demonstrate to the Commission that if pay TV systems are authorized to exhibit the same movies upon which theatres must rely to sustain their operations, the Motion Picture theatre industry would be seriously, if not fatally, undermined. There is an extreme shortage of quality motion pictures, either Canadian or foreign, available now, and if those pictures and the revenues they generate must be shared with a pay TV system, our industries limited profits would evaporate entirely, with serious consequence to the communities that we serve.

There are numerous studies on present day urban life by economists, sociologists and urban planners which have recognized the positive and significant contribution made by motion picture theatres to the quality of life in our cities, which if lost, would result in a decline of the core-areas of those cities.

In rural areas, the motion picture theatre is one of the most significant factors in determining which communities are the trading centres for their area. They are a focal point and a valuable asset to those rural communities in which they still exist. We suggest that the commission must consider the position of urban centres, metropolitan areas, and rural communities, should motion picture theatres be eliminated from their midst by any licensing of pay T.V.

Firstly, the loss of tax revenues from motion picture theatres would put further pressures on both cities and provinces already financially strapped. Approximately $20,000,000 is currently being paid by motion picture theatres by way of realty and amusement taxes.

Secondly, there would be a potential loss of employment of close to 16,000 people who are presently employed in the industry. There is no prospe whatsoever that more than a fraction of this number would be employed in pay TV. There would be an enormous net loss in employment attributable to the death of the motion picture industry.

The third and perhaps most significant effect of the decline of attendance to motion picture theatres would not be on the motion picture theatre at all, but on other business in the urban areas. Without the presence of motion picture theatres, our downtown areas would become ghost towns after dark. There would be virtually nothing to lure people into the core urban areas. And other businesses such as restaurants, stores, parking lots, etc. which depend to a substantial degree on the traffic attracted in the evening by the theatres would fall. The spectre of such "domino" effect, whereby the loss of theatres would lead to the loss of other downtown business, thus further squeezing the cities tax base, blighting core areas, and removing whatever reasons people now have for making use of the central city in the evening, should be a matter of paramount concern to the Commission.

CONCLUSION

The Commission has stated as one of its primary objectives that it must ensure that pay TV does not undermine free television service, and we ask that the Commission also acknowledge a similar concern over the effect of its proposed pay TV regulations on motion picture theatres and the communities that they serve. Our proposition on the importance of the motion picture theatre on the economic and social life of the cities and towns of this country demonstrate, we believe, that these facts should, indeed must, be

considered in the formulation of pay TV regulations for the overall public interest.

It is, from our viewpoint, apparent that there is no regulation which would permit pay TV to offer motion pictures in competition to theatrical exhibition which would not undermine either free television or motion picture theatres, to the benefit of the pay TV Industry. One or more of these interests must yield. The Canadian Motion Picture Theatres Association submits that on balance the public interest would be best served if the burden of loss fell on pay TV, as it is not yet in existence, and its creation would be highly detrimental to Motion Picture theatres and Off-air TV stations operating in Canada.

Respectfully submitted.

Motion Picture Theatre Associations of Canada.

Paul Morton
President.

Office de radio-télédiffusion du Québec
1000 rue Fullum, Montréal Qué. H2K 3L7

Gérald Bourbeau
agent de recherche
et d'évaluation

(514) 873-5947

Service de recherche et d'évaluation

RADIO-QUÉBEC

RADIO-QUEBEC

MARS 1977

RAPPORT SUR LE PROJET DE COOPERATION RADIO-QUEBEC ET TELECABLE VIDEOTRON LTEE

TOME I

RADIO-QUEBEC
ET LA
TELEVISION SUR DEMANDE
CHEZ TELECABLE
VIDEOTRON LTEE

PAR: Gérald Bourbeau
et
Carmen Duquette
(Service de Recherche
et d'Evaluation de
Radio-Québec)

P R E F A C E

Ce document constitue le rapport final du projet de "coopération Radio-Québec et Télécâble Vidéotron Ltée".

Le projet consiste globalement:

1. à faire une étude de la demande des documents de Radio-Québec à l'intérieur du système de télévision sur demande de Télécâble Vidéotron (Tome I)

2. à expérimenter de nouvelles modalités de rétroaction du public dans le cadre d'un échange structuré avec l'auditoire notamment avec les possibilités d'un système bidirectionnel (Tome II).

Ce projet préparé par Gérald Bourbeau (du Service de Recherche et d'Evaluation de Radio-Québec) a été approuvé le 23 juin 1976 par le Conseil des Directeurs de Radio-Québec qui a alors "manifesté un large consensus d'accord avec le projet et les horizons de développement qu'il ouvrait à Radio-Québec".

Les modalités techniques d'application du dit projet ont été ultérieurement précisées dans un document signé par les parties concernées et qui s'intitule: "Protocole d'entente concernant la câblodiffusion de certaines émissions du réseau Radio-Québec par le système de câblodistribution de Télécâble Vidéotron à des fins expérimentales". Dans ce protocole, les responsabilités des deux parties se ramènent à ceci: Radio-Québec

fournit des documents audio-visuels et assume toute la conduite du projet. Télécâble Vidéotron Ltée diffuse les documents et laisse accès à ses studios ainsi qu'à l'information nécessitée pour la bonne issue du projet.

La réalisation de ce projet est due à la collaboration immédiate de trois personnes que je tiens à remercier. Je remercie les stagiaires Gaétane Boucher et Claudette Cossette qui se sont chargées principalement des activités relatives à la cueillette des données utiles à l'étude de la demande des documents de Radio-Québec et qui ont aussi participé à la composition et à l'animation de groupes d'auditeurs dans le cadre des expériences de rétroaction.

Je remercie plus particulièrement Carmen Duquette, (anciennement responsable de l'autoprogrammation chez Télécâble Vidéotron) qui, tout au long de ce projet, a agi comme consultant sur l'étude de la demande des documents et a pris plus spécialement en charge les opérations de rétroaction du public. Enfin avec le soussigné, elle a mené à terme la conception et la rédaction de ce rapport final.

La réalisation de ce projet a aussi nécessité la coopération d'un grand nombre de personnes dont la participation plus particulière sera soulignée au moment opportun dans le présent rapport.

Bonne lecture à tous !

Gérald Bourbeau

Gérald Bourbeau
Responsable du projet

TABLE DES MATIERES

TABLE DES MATIERES (suite)

TABLE DES MATIERES (suite)

PAGE

TABLE DES MATIERES (suite)

TABLE DES MATIERES (suite)

TOME I

RADIO-QUEBEC ET LA TELEVISION SUR DEMANDE

INTRODUCTION

POSITION DU PROBLEME

L'intérêt de l'étude de la demande des documents de Radio-Québec à Télécâble Vidéotron ressort assez rapidement lorsqu'on s'arrête à quelques données.

1. Télécâble Vidéotron est actuellement une des rares sinon la seule compagnie de câblodistribution au monde qui offre le service de la télévision sur demande à un grand public.

2. Une partie importante des documents offerts par ce système a été produite par Radio-Québec dans le cadre de l'accomplissement de sa mission éducative.

3. Des débats majeurs dans le domaine des communications ont actuellement trait:

   a) aux questions de juridiction fédérale vs provinciale et de législation en matière de câblodistribution.

   b) aux questions relatives à l'avènement de la télévision payante qui est, comme la télévision sur demande, un système d'autoprogrammation[1]

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[1] Par système d'autoprogrammation en télévision nous entendons un système où l'usager peut choisir l'heure et le contenu de ce qu'il désire visionner.

Sans présumer de l'issue des débats en ces matières, les diverses institutions québécoises de production et de diffusion ne sauraient leur demeurer indifférentes. Et Radio-Québec compte parmi les plus importantes de ces institutions.

Pour alimenter et articuler sa réflexion et même son orientation en ces matières, Radio-Québec devra puiser à des sources de différents niveaux pour répondre, somme toute, à cette question:

> "Où se situent les intérêts de Radio-Québec et de la population face aux développements éventuels dans le domaine de la câblodistribution notamment aux chapitres de la télévision sur demande ou encore de la télévision payante?"

OBJET DE L'ETUDE

Ce rapport se situe dans le cadre de cette question générale et il ne prétend nullement faire le tour de cette question ou constituer à lui seul le dossier "Radio-Québec-câblodistribution-télévision-sur-demande-télévision-payante".

Les activités dont rend compte ce rapport ont été plutôt déclenchées avec ce constat bien pratique: "A côté de toutes les considérations abstraites futuristes et théoriques sur l'incidence possible des nouvelles techniques de télédiffusion au Québec et sur leur signification pour Radio-Québec, il est possible d'entamer aussi une démarche concrète, actuelle et pratique en commençant par aller voir ce qui arrive à des réels documents de Radio-Québec actuellement accessibles dans un système de télévision sur demande actuellement existant et au service d'une population québécoise.

BUT DE L'ETUDE

Le fait de se centrer sur un objet aussi concret et particulier ne devrait pas cependant empêcher de tendre vers ce qui apparaît maintenant comme le but le plus important de cette démarche:

> Fournir à Radio-Québec des points de repère pour alimenter sa réflexion relativement aux questions de câblodistribution spécialement à propos des systèmes d'autoprogrammation.

Evidemment cette même démarche permettra en cours de route de répondre à d'autres intérêts à plus court terme. La démarche permettra notamment d'avoir un estimé de l'attrait de la production de Radio-Québec dans un contexte où elle ne fait plus face à des problèmes majeurs de Radio-Québec à savoir la compétition horaire et la syntonisation sur U.H.F. Elle permettra aussi d'avoir plus de détails sur l'intérêt des séries de Radio-Québec en pouvant distinguer l'attrait possible d'émissions différentes à l'intérieur d'une même série, (ce qui est très compliqué à obtenir avec les techniques usuelles de cotes d'écoute appliquées à la télédiffusion traditionnelle).

ORGANISATION DU TEXTE

Le texte procède du général au spécifique pour ensuite revenir au général.

Le premier chapitre présente un modèle général d'un système d'autoprogrammation. Ce modèle constitue un cadre qui servira à orienter et à articuler la réflexion dans tous les chapitres suivants.

Le deuxième chapitre décrit de façon plus concrète la place qu'occupent actuellement Radio-Québec et Télécâble Vidéotron Ltée dans le système de télévision sur demande étudié.

Le troisième chapitre rend compte de l'étude de la fréquence de la demande des documents de Radio-Québec en comparaison avec ceux de l'Office National du Film et de la maison de distribution Faroun.

Le quatrième chapitre rassemble diverses données complémentaires ayant trait aux usagers de ce système de télévision sur demande.

La conclusion essaie de tirer profit de tous les résultats recueillis afin de rendre compte de l'atteinte du but poursuivi par la présente étude.

CHAPITRE I

UN MODELE DE SYSTEME D'AUTOPROGRAMMATION EN TELEVISION

A défaut d'un modèle de système d'autoprogrammation, on devient vite dépassé lorsqu'on veut intégrer dans un même ensemble les activités actuelles en ce domaine, les résultats et anecdotes relatifs à cette question, les polémiques en cours et les prédictions en cette matière.

C'est pourquoi la présente démarche tient à se doter au départ d'un modèle de système d'autoprogrammation.

METHODE D'ELABORATION DU MODELE

L'élaboration du modèle s'inspire d'une analyse globale d'un système d'autoprogrammation existant à savoir celui de Télécâble Vidéotron.

Cette analyse comporte trois étapes:

- Distinguer les acteurs principaux du système d'autoprogrammation.

- Relever les activités principales des différents acteurs.

- Représenter le tout dans un schéma d'ensemble unifié illustrant comment les acteurs sont reliés entre eux à travers leurs diverses activités.

C'est ce schéma d'ensemble qui fera office de modèle de système d'autoprogrammation.

Pour éviter immédiatement toute ambiguité, il faut souligner que ce modèle ne constitue pas la description de Télécâble Vidéotron en particulier. Ce modèle est plutôt la représentation des acteurs et des activités qu'on retrouverait toujours "en plus ou en moins" dans un système d'autoprogrammation quelconque. Quant à la description même de Télécâble Vidéotron, elle est réservée au chapitre suivant qui montrera où se situe pratiquement Télécâble Vidéotron par rapport à ce modèle.

LE MODELE

Avec la méthode décrite plus haut, l'analyse en est venue à représenter un système d'autoprogrammation au moyen du modèle llu tré dans la figure 1. Le modèle symbolise par trois grosses boîtes les trois acteurs principaux d'un système d'autoprogrammation à savoir le diffuseur, l'usager et le fournisseur. Chaque acteur y est en plus décrit à partir de ses activités principales. Chacune de ces activités est représentée par un petit rectangle. Les flèches reliant tous ces rectangles indiquent comment ces activités sont reliées entre elles pour former un ensemble unifié.

Voyons le tout en plus de détails en définissant davantage chacun des trois acteurs ainsi que leurs activités.

Le diffuseur

Le concept de diffuseur désigne l'entreprise qui assure le support technique et administratif nécessaires à la satisfaction de la demande. La façon dont ce support peut être assuré se retrouve à travers la description des diverses activités qui suivent.

A. Dépôt de documents en vidéothèque: le diffuseur assure une alimentation de sa vidéothèque dont les documents seront accessibles aux usagers.

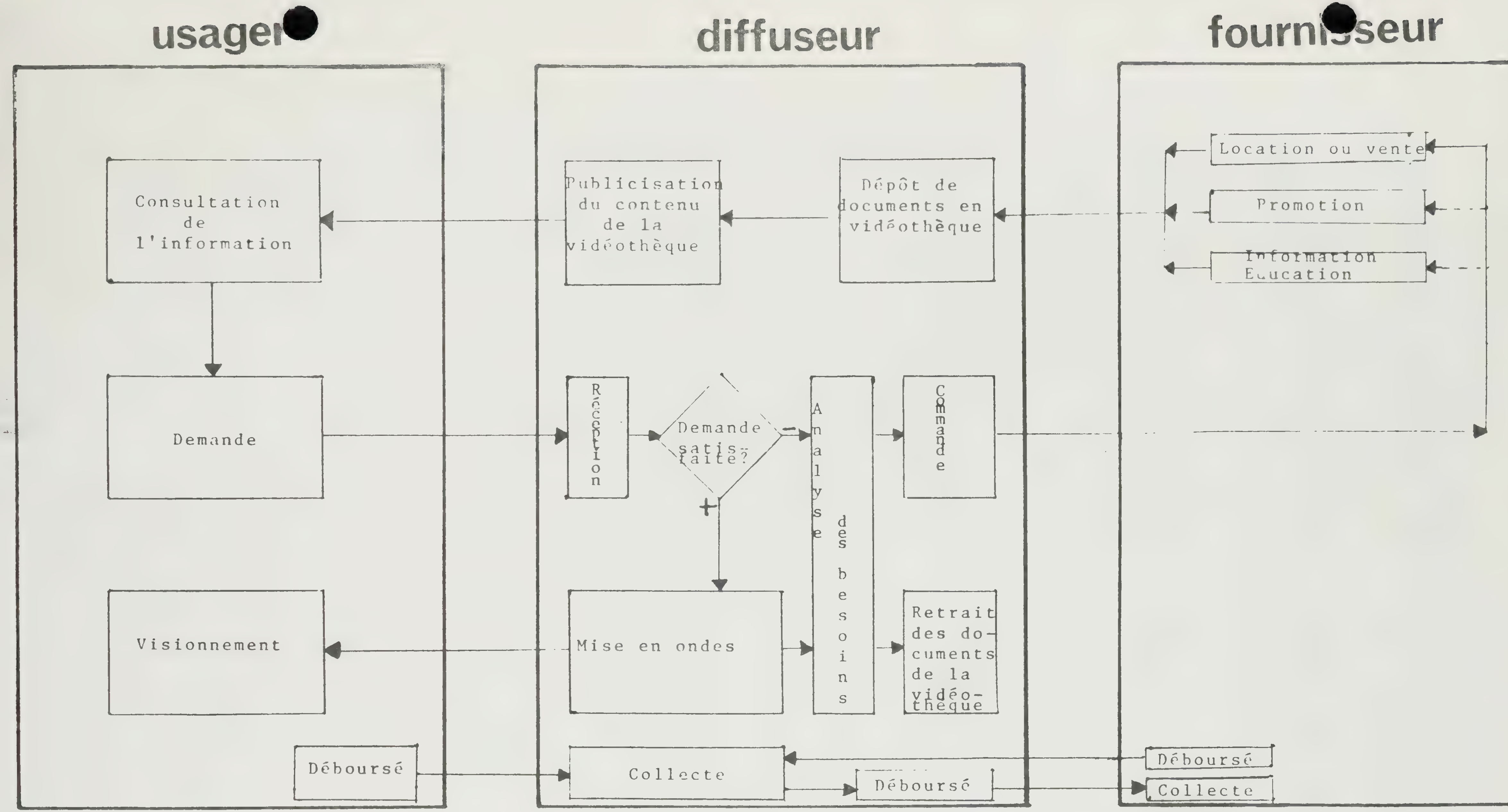


FIGURE I : Modèle de système d'autoprogrammation en télévision.

B. Publicisation du contenu de la vidéothèque: pour susciter et faciliter la demande, le diffuseur doit faire connaître le contenu de sa vidéothèque en en faisant la publicisation.

C. Réception de la demande: le diffuseur doit aussi assurer le service de réception de la demande pour indiquer si la demande peut être satisfaisante et pour voir à la satisfaire.

D. La mise en ondes: l'activité de mise en ondes consiste à assurer la diffusion des documents demandés.

E. L'analyse des besoins: le concept d'analyse des besoins désigne un secteur assez large d'activités. Dans le cadre de ce modèle, l'analyse des besoins est une activité qui s'alimente principalement à des considérations sur la nature des demandes qui sont faites ou qui seraient susceptibles d'être faites. C'est pourquoi le schéma situe l'analyse des besoins en relation avec l'endroit où l'on établit que la demande est satisfaite ou non. C'est cette analyse des besoins qui pourra influencer les activités de commande de documents et de retrait de documents de la vidéothèque.

F. La commande des documents: le concept de commande de documents désigne l'activité où le diffuseur sollicite différents fournisseurs pour obtenir des documents à mettre dans sa vidéothèque.

G. Retrait de documents de la vidéothèque: il peut arriver que des documents doivent être retirés de la vidéothèque pour diverses raisons: retrait pour usure matérielle du document, retrait de documents peu demandés pour faire la place à d'autres documents plus susceptibles d'être demandés, retrait de documents peu demandés pour enregistrer un autre contenu sur la cassette de ce document, etc...

H. La collecte et le déboursé: pour assurer le fonctionnement du système d'autoprogrammation, le diffuseur doit s'assurer de ressources financières qu'il peut collecter chez l'usager et chez le fournisseur. Il peut de plus avoir lui-même à débourser au profit du fournisseur.

Ces deux activités ne sont certes pas de même ordre que les activités qui précèdent. Elles sont plutôt d'ordre économique et n'ont pas directement trait aux activités de base d'un système d'autoprogrammation. Toutefois, ce sont ces activités qui déterminent la possibilité même de l'existence matérielle du système. De plus les règles de fonctionnement des activités de collecte et de déboursé peuvent avoir un effet sur la façon dont toutes les autres activités sont conduites. Notons finalement que c'est au niveau de ces règles que se retrouve la "différence réelle" entre les concepts courants de télévision sur demande et de télévision payante. Dans les systèmes de télévision sur demande, le diffuseur collecte un montant pour une période d'abonnement. Dans le système de télévision payante, le diffuseur collecte un montant pour chaque document visionné.

L'usager

Le concept d'usager désigne toute personne ou toute institution qui recourt aux services du diffuseur pour visionner un document.

L'expression "usager domestique" réfère à la personne qui, à titre privé, demande à visionner un document. L'expression "usager institutionnel" désigne le cas où c'est un représentant d'une institution quelconque qui fait la demande de visionnement (comme par exemple un professeur qui voudrait faire visionner un document par les élèves de sa classe).

Quelques activités de base désignent l'essentiel du fonctionnement d'un usager dans un système d'autoprogrammation.

A. La consultation sur le contenu de la vidéothèque: avant même de faire la demande d'un document, l'usager peut recourir à une certaine consultation de l'information à propos des documents disponibles à la vidéothèque.

B. La demande: l'usager contacte le diffuseur pour demander le visionnement du document désiré.

C. Le visionnement: l'usager visionne sur son téléviseur un document demandé.

D. Le déboursé: l'usager débourse un certain montant d'argent pour son utilisation du service d'autoprogrammation.

Le fournisseur

Le concept de fournisseur désigne tout individu ou tout organisme qui "fournit" des documents à déposer dans la vidéothèque. Selon le genre de fournisseur, l'action qu'il fait correspond à une activité bien précise dans le cadre de sa propre entreprise.

A. Loca'ion ou vente

Un fournisseur peut apporter des documents en poursuivant simplement des fins de location et/ou de vente de documents. Sa participation à un système d'autoprogrammation réside donc dans une activité de location ou de vente.

B. Promotion

Un fournisseur peut apporter des documents qui ne sont ni loués, ni vendus, mais prêtés ou donnés et dont le contenu peut être relié à un produit dont on voudrait faire la promotion. C'est pourquoi cette activité du fournisseur est appelée activité de promotion. Cette notion englobe aussi ce qu'il est convenu d'appeler "La commandite de prestige".

C. Information et éducation

Un fournisseur peut apporter des documents qu'il souhaite déposer chez le diffuseur à la disposition d'usagers auprès de qui ce fournisseur veut faire une intervention d'information ou d'éducation. C'est ainsi qu'on peut dire que l'activité d'un tel fournisseur dans un système d'autoprogrammation est une activité d'information ou d'éducation.

D. Le déboursé et la collecte

Selon l'activité ou combinaison d'activités qu'il exécute en apportant des documents et dépendamment de l'entente avec le diffuseur, le fournisseur peut soit débourser certains frais auprès du diffuseur ou encore collecter des frais auprès du diffuseur.

DIVERSES VARIANTES DE SYSTEME D'AUTOPROGRAMMATION

Pour fin de clarté, la présentation du modèle a toujours bien distingué les trois acteurs du système d'auto-programmation comme trois ensembles distincts d'individus ou d'institutions.

Mais rien n'empêche d'envisager d'autres variantes où ces ensembles ne sont pas distincts. Explorons donc les diverses variantes possibles.

Variante 1: (Usager) (Diffuseur) (Fournisseur)
La variante 1 désigne le cas où l'usager, le diffuseur et le fournisseur représentent trois ensembles distincts d'individus ou d'organismes.

Variante 2: (Usager) (Diffuseur-Fournisseur)
La variante 2 désigne le cas où le diffuseur et le fournisseur constituent une seule et même entreprise. Ce serait par exemple le cas où un diffuseur deviendrait fournisseur en se dotant de sa propre maison de production ou encore ce serait le cas de fournisseurs qui se doteraient d'un système d'autoprogrammation.

Variante 3: (Usager-Diffuseur) (Fournisseur)
La variante 3 désigne les cas où l'usager et le diffuseur représentent le même organisme. Ce pourrait être le cas d'un usager institutionnel comme une commission scolaire qui aurait son propre système d'autoprogrammation. Ce pourrait aussi être le cas d'une collectivité d'usagers domestiques qui posséderaient ensemble le système de diffusion.

Variante 4: (Usager-Fournisseur) (Diffuseur)
La variante 4 désigne les cas où l'usager et le fournisseur représentent le même organisme ou les mêmes individus. Ce pourrait être le cas d'usagers domestiques ou institutionnels qui, pour leurs propres fins, fourniraient au diffuseur des docume ts à mettre en vidéothèque.

Variante 5: (Usager-Diffuseur-Fournisseur)
La variante 5 désigne les cas où l'usager, le diffuseur et le fournisseur représentent le même organisme ou les mêmes individus. Ce pourrait être le cas d'un usager institutionnel qui fournirait ses documents pour son propre système de diffusion destiné aux membres-mêmes de cette institution. Ou encore ce pourrait être le cas d'une collectivité d'usagers domestiques qui assureraient eux-mêmes l'alimentation de la vidéothèque du système de diffusion qui leur appartiendrait.

C H A P I T R E I I

DESCRIPTION DU SYSTEME DE TELEVISION SUR DEMANDE DE TELECABLE VIDEOTRON LTEE

Télécâble Vidéotron Ltée est une entreprise de câblodistribution installée sur la rive sud de Montréal et son territoire effectivement "câblé" couvre les municipalités de Brossard, Candiac, Laprairie, Longueuil et St-Hubert. La carte de cette région apparaît sur la page suivante.

On y localisera aussi l'emplacement du siège social de Télécâble Vidéotron Ltée ainsi que le siège social de Radio-Québec.

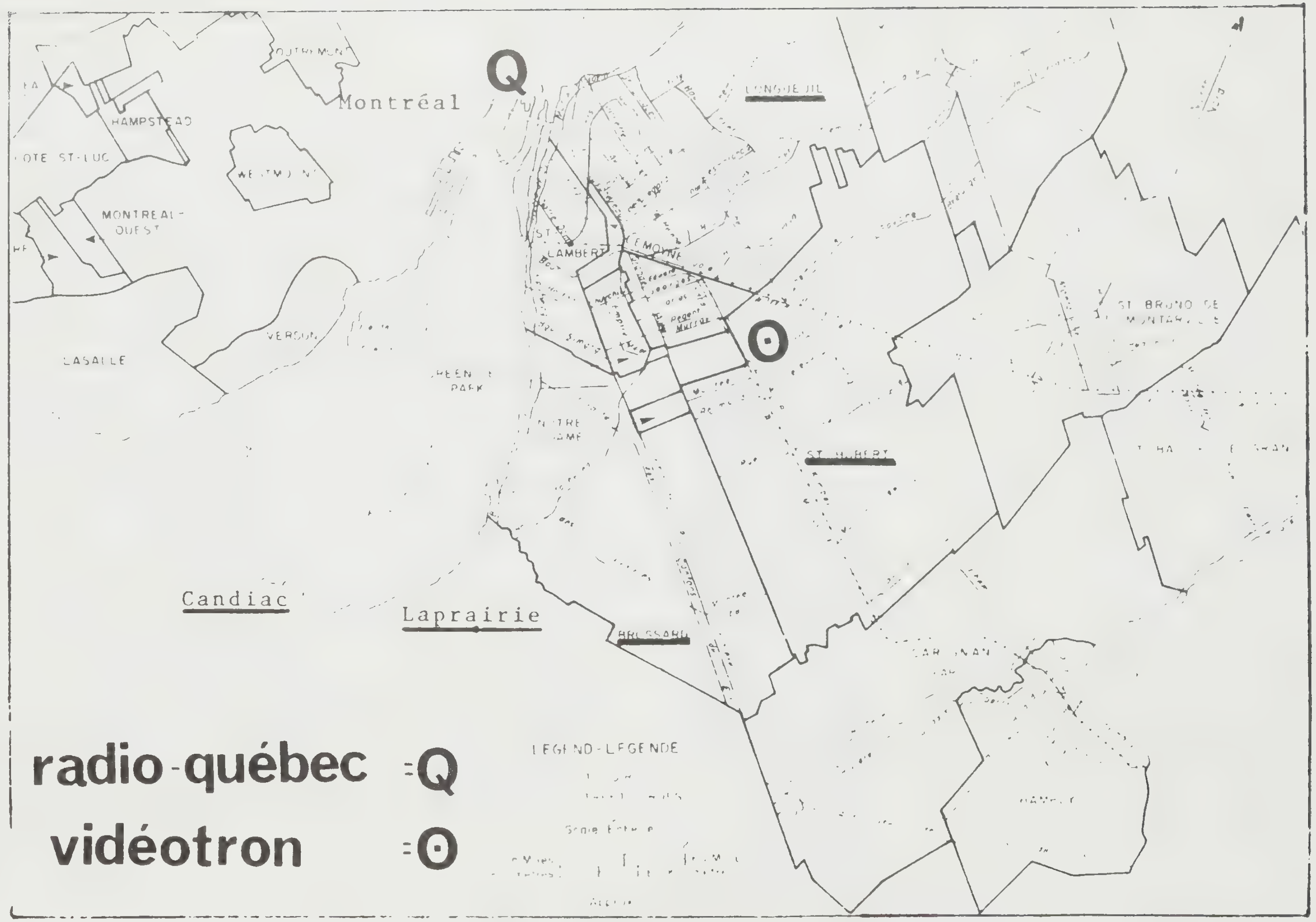


FIGURE II: Carte de la région du territoire effectivement câblé par Télécâble Vidéotron Ltée (TVL).

Ce chapitre fera une description du système de télévision sur demande de Télécâble Vidéotron Ltée et indiquera la place que Radio-Québec y occupe actuellement.

Cette description nous apparaît comme un minimum pour constituer un contexte concret qui servira à l'analyse et à l'interprétation des données que nous irons ensuite y cueillir.

Pour procéder à cette description nous allons utiliser le modèle présenté au chapitre I. Mais avant d'utiliser ce modèle, il est préférable d'offrir au lecteur d'autres indications préliminaires à propos de Télécâble Vidéotron. En effet, Télécâble Vidéotron n'est pas qu'un système de télévision sur demande comme en témoigne la publicité de cette compagnie.

A titre d'illustration nous avons reproduit la page qui suit, laquelle est extraite du "Catalogue pour autoprogrammation" qui est systématiquement envoyée à tous les abonnés du Télécâble Vidéotron.

Télécable Vidéotron est une entreprise de câblodistribution offrant un éventail de services innovateurs. Télécable Vidéotron, c'est un pas vers la télévision de l'avenir qui allie divertissement, information, éducation, services et communication. Trente-deux canaux de télévision se partagent ces différents objectifs.

[illegible]

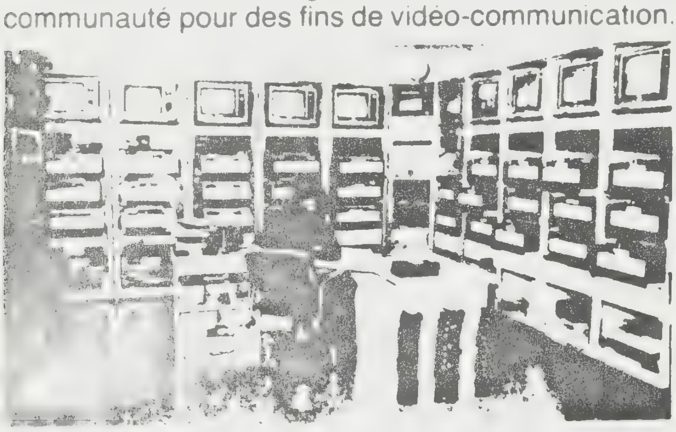
CBFT-2	(Montreal)
CFTM-10	(Montreal)
CFCF-12	(Montreal)
CBMT-6	(Montreal)
CIVM-17	(Radio-Quebec)
CHLT-7	(Sherbrooke)
CKSH-9	(Sherbrooke)
CKTM-13	(Trois-Rivières)
CJ0H-8	(Cornwall)
WCAX-3	(Burlington)
WPTZ-5	(Plattsburg)
WMTW-8	(Poland Springs)
WETK-33	(Burlington)

[illegible]

Ces différents canaux sont en opération 24 heures par jour et se nomment:

Enfants	(N)
Etudiants	(O)
Arts et Spectacles	(P)
Troisième Age	(Q)
Loisirs Socio-Culturels	(R)
Sciences et Education	(S)
Affaires sociales	(T)
Loisirs sportifs	(U)

Ces canaux sont également au service de la communauté pour des fins de vidéo-communication.



Regie pour la TV sur demande.

[illegible] de renseignements

Ces canaux sont essentiellement voués à la diffusion d'informations de différents types qui apparaissent à l'écran sous forme écrite (digitale). Ces canaux sont en opération 24 heures par jour et sont offerts comme un registre de services auquel vous référez au besoin.

[illegible]

- "TV-Guide" des chaines de télévisions canadiennes et américaines ainsi que des canaux communautaires de chacune des villes desservies par Télécable Videotron.

- Un horaire de diffusion des différents documents commandés par les abonnés dans le cadre du service de l'autoprogrammation (télévision sur demande).

[illegible]

- Catalogue électronique qui identifie les documents qui ne sont pas inscrits au catalogue.

[illegible]

- Prévisions et conditions météorologiques.

[illegible]

- Vos petites annonces paraissent gratuitement.

[illegible]

- Informations au service du consommateur.

[illegible]

- Services d'urgence 24 heures par jour.

[illegible]

Cinema amateur, ciné-participation.

[illegible]

- Evènements à venir dans la communauté.

[illegible]

- Alternance d'un bulletin de nouvelles locales et régionales et d'un bulletin écrit de la Presse Canadienne.

[illegible] communautaire

- Ce canal de diffusion locale est le reflet de la ville que vous habitez et les documents qui sont diffusés sont réalisés par les citoyens eux-mêmes.

Il en coûte moins de la moitié du coût régulier pour s'abonner pour un deuxième appareil et encore moins pour le service FM.
Le service après installation est complètement gratuit.

Télécâble Vidéotron est donc une compagnie de câblodistribution donnant accès à 32 canaux de télévision. Huit de ces canaux sont réservés à la télévision sur demande ou à l'autoprogrammation. Voici maintenant un autre extrait du même catalogue qui montre comment on décrit ce système d'autoprogrammation ou de télévision sur demande.

[illegible] OU DE TELEVI- [illegible] SUIVANTE

1) 8 canaux sont assignes à ce service
2) Chaque canal a une vocation propre et chaque document est diffuse sur le canal qui lui est assigne
3) L abonne prend connaissance des documents disponibles en videotheque en consultant son catalogue et le canal (M) (banque de documents) qui regroupe des documents qui ne sont pas au catalogue. Ce canal (M) permet une mise à jour continuelle de nos documents. De plus, tous les jours à 19 heures et 23 heures, une emission annonce les nouveaux documents qui sont disponibles
4) Une fois la selection de son document faite, l'abonné en identifie le code. Ex., T001.
5) Avant de placer sa demande, l'abonné prend soin de s'assurer que le canal sur lequel doit être diffuse son document est disponible ou si ce document n'a pas déjà ete demandé par un autre abonne. Ces informations lui sont transmises sur le canal 5 (canal programmation qui sera en fonction au début de juin)
6) Si le canal est libre, l abonne communique alors sa demande en signalant 656-3210

N.B.: Si tous les canaux n'offrent aucune disponibilite pour la demande de documents, aucune commande ne sera reçue

Avec ces données préliminaires le lecteur devrait avoir une vue d'ensemble suffisante pour nous accompagner dans l'utilisation de notre modèle présenté au chapitre I pour décrire plus précisément les acteurs de ce système en commençant par le diffuseur puis les usagers et enfin les fournisseurs.

LE DIFFUSEUR, TELECABLE VIDEOTRON

Rappelons que les activités d'un diffuseur telles qu'illustrées dans notre modèle sont :

- Le dépôt de documents en vidéothèque
- La publicisation du contenu de la vidéothèque
- La réception de la demande
- La mise en ondes
- L'analyse des besoins
- La commande de documents auprès des fournisseurs
- Le retrait des documents de la vidéothèque
- La collecte et le déboursé

Comment donc Télécâble Vidéotron se situe-t-il par rapport à ces activités?

Le dépôt de documents en vidéothèque

Tous les documents que se procure Télécâble Vidéotron auprès de ses fournisseurs subissent différents traitements entre le moment où Télécâble Vidéotron se les procure et le moment où ils sont effectivement disponibles en vidéothèque:

- Enregistrement vidéo
- Classification selon les 8 catégories de Vidéotron
- Catalogage, préparation matérielle
- Inscription à l'ordinateur (canal vidéothèque)
- Dépôt sur les tablettes de la vidéothèque

Au moment du projet "Radio-Québec et Télécâble Vidéotron", cette vidéothèque comptait environ 1,500 documents.

La publicisation du contenu de la vidéothèque

Télécâble Vidéotron dispose de 4 moyens pour publiciser le contenu de sa vidéothèque.

A. Le catalogue pour autoprogrammation

Le catalogue pour autoprogrammation déjà cité plus haut est l'organe le plus important d'information sur le contenu de la vidéothèque. Ce catalogue regroupe tous les titres des documents en vidéothèque classés selon la catégorie auxquels ils sont affectés.

Chaque document y est identifié par son numéro d'ordinateur, son titre, le producteur, sa durée et par une brève description du contenu. Nous avons, pour le lecteur, reproduit un extrait de ce catalogue faisant la description des documents en vidéothèque (voir page suivante).

Depuis sa fondation en septembre 1975, Télécâble Vidéotron a fait paraître trois catalogues: le premier en novembre 1975, le second en avril 1976 et le troisième a paru en décembre 1976.

LE[illegible]EURS (R Q) 28
[illegible] et d'orchestre dont la [illegible] des [illegible]

P135 MAINS HABILES MAINS AGILES (R Q) 13
[illegible] pour les enfants

P136 LES JAZZEURS (R Q) 27
[illegible] les plus grands noms du jazz [illegible] les ont rendus célèbres

P1[illegible]
[illegible]

P138 [illegible]S ET DES HOMMES
L AN PROCHAIN A IN GALL [illegible] Q)
[illegible]

P139 QUEBEC EN SILENCE (O N F) 10
[illegible] Québec [illegible]

[illegible]41 MAINS HABILES, MA[illegible]
[illegible]

P142 AU PAYS DES LUTRIN[illegible]
Quand le jazz est [illegible]
[illegible]

P143 LES JAZZEURS (R Q) 29
[illegible]

P144 LES JAZZEURS (R -Q) 29
Dans le cadre du festival de jazz de Montreux, vous pourrez entendre Bobbi Humphrey, une des rares femmes interprète de jazz

Affaires sociales (canal T)

A011 D UN QUEBECOIS A L AU[illegible] (R -Q) 27
L intégration des Néo-Québécois à la société québécoise. Comment les camps d'été peuvent [illegible] gines ethniques diverses

A012 D UN QUEBECOIS A L AUTRE (R -Q) 27
Les immigrants [illegible] Québec [illegible]

A013 MESSE PASTORALE N -D DE FATIMA 59
Emission communautaire
Célébration d'une messe de [illegible] paroissiens

A017 EMISSION SPECIALE (R -Q) 56
[illegible]ndications de la Loi 22

A018 SI ON S Y METTAIT (R -Q) 27
Coopérative de tomates des M[illegible] dynamisme communautaire

A019 LA VIE QU ON MENE A L ASSEMBLEE NATIONALE 27
[illegible]

A020 10e ANNIVERSAIRE SOCIETE POUR LE 70
[illegible] communautaire
[illegible] anniversaire de la société [illegible]

A022 ASSISES DIOCESAINES 1975
(P communautaire) 130
[illegible] 1975 [illegible]

A023 LE BONHOMME (O N F) 59
[illegible]

[illegible] VIE QU ON MENE A L AS[illegible]

[illegible]

A030 LES GROS SOUS # 1 (R -Q) 24
[illegible]

A032 LES GROS SOUS # 2 (R -Q) 27
[illegible] ses avantages, ses désavantages [illegible] Québec

A033 DANS LA TETE DES HOMMES # 3 (R -Q) 27
[illegible]

A034 SI ON S Y METTAIT # 2 (R -Q) 27
[illegible]

A035 LA VIE QU ON MENE A L ASSEMBLEE NATIONALE 27
4 (R -Q)
[illegible]

A038 D UN QUEBECOIS A L AUTRE # 4 (R -Q) 27
[illegible] Néo-Québécois [illegible] Québécois [illegible]

A042 LES GROS SOUS # 3 (R -Q) 27

A043 MELEZ-VOUS DE VOS AFFAIRES # 1 (R -Q) 55
[illegible] émissions présentée dans le [illegible] ministère de l'Education [illegible]

[illegible]

délinquance, chômage, criminalité, sentiment de rejet [illegible] où se fabriquent les majorités vraiment silencieuses

A053 LES GRANDES RELIGIONS # 1 (O N F) 20
L'islamisme. Le film donne une image de l'essentiel de l'islamisme. Un commentaire préparé par André Tresmontant de l'Université de Paris met aussi en lumière des aspects moins connus mais non moins attrayants de cette religion

A054 LA MOISSON (O N F) 10
Le moment de la récolte venu, plus rien n'importe dans les Plaines que la précieuse moisson. Lourdes et effectives, les complexes machines agricoles envahissent les champs

A055 LES GRANDES RELIGIONS # 2 (O N F) 10
L'Hindouisme. Le film donne une image de l'essentiel de l'Hindouisme. Un commentaire préparé par André Tresmontant de l'Université de Paris met aussi en lumière des aspects moins connus mais non moins attrayants de cette religion

A061 LES REGIONS FORESTIERES DU CANADA (O N F) 18
Source de travail et de revenus, le bois est étroitement lié à l'économie générale du pays et à l'organisation sociale de la communauté canadienne. Il doit être protégé et exploité judicieusement. Ce film situe géographiquement les régions forestières du Canada, établit leur rythme de croissance, l'influence du milieu dans lequel elles se développent et les effets de [illegible]

A062 LES GROS SOUS (R -Q) 27
Dans le cadre de cette série sur la vie économique, nous [illegible] de la loi de l'offre et de la demande

[illegible]VOUS DE VOS AFFAIRES # 2 (R -Q) 56
[illegible] grand ménage dans les [illegible]
[illegible]

(Extrait du catalogue pour autoprogrammation)

B. Le canal "banque de documents" ou "canal vidéothèque"

Le canal vidéothèque est destiné à publiciser les documents acquis par Télécâble Vidéotron entre deux parutions de catalogue. Ce canal alimenté par ordinateur présente continuellement le numéro, le titre et une brève description du contenu des nouveaux documents non listés au catalogue. En moyenne, un usager devrait passer environ 5 minutes à regarder ce canal pour faire le tour de toutes les nouvelles acquisitions non présentes au catalogue.

C. L'émission d'information

Télécâble Vidéotron peut aussi recourir à des émissions d'information destinées à faire connaître les nouveaux documents. Si l'on s'en rapporte à l'introduction du "catalogue pour autoprogrammation", il y est dit que tous les jours à 19 heures et 23 heures une émission présente les nouveaux documents qui sont disponibles.

D. La programmation de nouveaux documents

Un dernier moyen de publiciser les documents consiste simplement à mettre le nouveau document en ondes "comme si quelqu'un l'avait demandé". Des usagers voyant en tout ou en partie ce document, sont ensuite susceptibles de le redemander.

La réception de la demande

Installé(e) à la régie pour la télévision sur demande, un préposé à la diffusion reçoit par téléphone la demande des abonnés vingt-quatre (24) heures par jour.

Le préposé (appelé diffuseur dans le langage interne de Télécâble Vidéotron) note la demande qui est faite et il localise le document demandé afin de voir si la demande peut être satisfaite.

La demande peut être satisfaite si les 3 conditions suivantes sont remplies:

1. Si le document n'est pas déjà en ondes (auquel cas l'usager en est informé).

2. Si le document demandé n'a pas déjà été mis en ondes durant le même bloc horaire[1] (auquel cas l'abonné est invité à retéléphoner plus tard). Une politique interne détermine qu'un document ne peut pas passer plus d'une fois par bloc horaire (sauf pour les documents des canaux "enfants" et "arts & spectacles").

3. Si le document n'est pas sujet à un embargo limitant son nombre de mises en ondes. Dans ce cas l'usager est informé de l'heure de la prochaine diffusion du document.

Si la demande peut être satisfaite, le préposé consulte l'horaire disponible. Et il convient de l'heure de diffu- diffusion avec l'usager. Selon la disponibilité du canal concerné, la diffusion pourra se faire soit immédiatement ou à un moment donné dans les deux ou trois heures qui

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1 A l'époque, une journée pouvait être composée de 4 blocs horaires d'environ 6 heures.

suivent l'appel. Evidemment l'usager est informé de l'heure exacte de diffusion du document demandé. Pour toutes ces activités, le préposé est assisté par ordinateur.

La mise en ondes

La mise en ondes est assurée par le même préposé qui est chargé de la réception des appels. En général, le délai entre la demande et la mise en ondes est de 30 secondes à deux ou trois heures selon la disponibilité du canal concerné.

En vue de leur mise en ondes, les cassettes prévues pour passer sur tel canal sont insérées dans l'un ou l'autre des trois lecteurs magnétoscopiques (V.C.P.) réservés à ce canal. Ces trois lecteurs font partie d'une unité (baie d'équipement) comprenant un moniteur et un "digitrol" contrôlant les arrêts et les départs de chacun des trois lecteurs.

Avec ce mécanisme, dès que la diffusion d'une cassette est terminée, la diffusion de la cassette suivante à l'horaire commence automatiquement.

Il en est de même pour chacun des huit canaux fonctionnant ainsi en parallèle.

- -

L'analyse des besoins

A Télécâble Vidéotron l'activité d'analyse des besoins pourrait correspondre surtout aux activités prenant place lors de la préparation d'un nouveau catalogue.

Une description plus systématique de ce qui se passe à ce moment privilégié illustre ce qui peut se produire de façon plus informelle tout au long d'une année.

Au moment de la préparation d'un nouveau catalogue, l'analyse des besoins considère principalement deux ordres de besoins: les besoins de l'usager et les besoins du diffuseur.

A. Les besoins de l'usager

En prenant en considération les caractéristiques des documents beaucoup demandés et peu demandés, on peut inventorier ce qui correspond le plus au goûts des abonnés.

Mais Télécâble Vidéotron ne peut pas répondre systématiquement aux goûts des abonnés. Par exemple, il n'est pas possible d'alimenter la vidéothèque avec des films classiques ou encore d'assurer l'existence d'un canal réservé à la pornographie. Cet éventail des goûts du public est plutôt analysé pour en dégager des "besoins" auxquels une vidéothèque pourrait le plus facilement répondre.

B. Les besoins du diffuseur

Par ailleurs en prenant en considération les besoins du diffuseur on en arrive à établir qu'un certain nombre de cassettes doivent de toute façon être retirées de la vidéothèque car leur qualité a baissé après usage (on a noté qu'u : cassette est devenue inutilisable après environ 600 à 800 passes).

On établit aussi qu'un certain nombre de cassettes sont en bon état mais qu'elles sont très peu demandées. Elles pourraient alors être réutilisées pour y enregistrer un contenu plus populaire.

De plus le diffuseur doit de toute façon augmenter le nombre de documents ou du moins en remplacer une bonne partie s'il veut maintenir l'intérêt de ses anciens abonnés et faire face à l'augmentation du nombre de nouveaux abonnés.

En prenant en considération tous ces facteurs, l'analyse des besoins arrive à trois types de décisions concernant les documents. Pratiquement, l'analyse des besoins établit en effet quels documents sont:

- à conserver
- à commander à des fournisseurs
- à retirer de la vidéothèque

Les documents à conserver sont maintenus en vidéothèque.

Le sort des documents à commander et le sort des documents à retirer sont successivement décrits dans les deux activités suivantes.

La commande de documents

Théoriquement la commande et l'acquisition de tout nouveau document pourrait découler de l'analyse des besoins. Mais dans la pratique, ce n'est pas toujours aussi facile.

En effet, Télécâble Vidéotron peut bien souhaiter commander tel ou tel genre de document mais avec ce qu'il est prêt à investir, il est souvent amené à choisir parmi les documents que tel ou tel fournisseur accepte de rendre disponible. La commande de documents devient plus souvent un choix de documents à l'intérieur d'un éventail de documents rendus accessibles par un certain éventail de fournisseurs: ce choix tentant de s'approcher le plus possible des besoins, sinon des goûts des abonnés.

Le retrait de documents de la vidéothèque

Les documents trop usés doivent inévitablement être retirés de la vidéothèque. Mais les documents peu demandés ne sont pas automatiquement retirés. Le facteur essentiel est le besoin en cassettes nécessaires pour enregistrer de nouvelles productions plus populaires.

Télécâble Vidéotron surveille en effet la quantité d'investissement sur le coût des cassettes comparativement à leur popularité auprès du public. Ainsi, le contenu d'une cassette moins populaire a moins de chance de survivre en vidéothèque et est donc plus susceptible d'être remplacé par un contenu plus populaire.

Soulignons aussi qu'en principe les documents produits par la communauté ne peuvent pas connaître une durée de vie de plus de deux semaines en vidéothèque sauf si ceux qui ont produit le document acceptent d'acheter la cassette.

Mais il y a des cas où une cassette ne peut pas être retirée de la vidéothèque. Des fournisseurs exigent le maintien de leur document en vidéothèque pour une période déterminée ou encore ils exigent d'être consultés pour retirer leurs documents et certains vont même jusqu'à exiger de l'effacer eux-mêmes. On conçoit en même temps que des documents ne doivent être retirés de la vidéothèque qu'à la fin de l'expiration d'un contrat avec un fournisseur.

La collecte et le déboursé

Les activités de collecte et de déboursé conditionnent l'existence-même de Télécâble Vidéotron comme diffuseur. L'usager et le fournisseur sont directement impliqués dans ces activités.

A. La collecte auprès de l'usager

La collecte de Télécâble Vidéotron se fait en prélevant des coûts d'installation et d'abonnement auprès de l'usager. Au moment du projet Radio-Québec - Vidéotron, l'installation du système coûte $20.00 à l'usager pour un premier appareil et l'abonnement mensuel coûte $8.91 (taxe incluse) pour le premier appareil de télévision câblé et $4.05 (taxe incluse) pour câbler un deuxième appareil.

B. La collecte de fonds auprès du fournisseur

Il serait concevable que certains fournisseurs paient Télécâble Vidéotron pour la diffusion de leurs documents mais actuellement Télécâble Vidéotron se contente de diffuser gratuitement des documents. C'est plutôt Télécâble Vidéotron qui est susceptible de débourser à ses fournisseurs.

C. Le déboursé aux fournisseurs

Selon différentes ententes avec les fournisseurs (comme nous le verrons plus loin), Télécâble Vidéotron doit généralement payer au moins le prix des cassettes et possiblement certaines redevances aux fournisseurs.

L'USAGER

Parmi les usagers actuels du système de télévision sur demande, on compte des usagers domestiques et des usagers institutionnels.

Les usagers domestiques

Le modèle d'autoprogrammation mentionnait quatre activités propres à l'usager:

- la consultation sur le contenu de la vidéothèque
- la demande
- le visionnement
- le déboursé

Nous décrirons d'abord quelle forme particulière prennent ces activités chez les usagers du système de Télécâble Vidéotron. Puis nous donnerons un aperçu de l'importance du nombre d'usagers domestiques.

A. La consultation sur le contenu de la vidéothèque
Pour consulter l'information à propos du contenu de la vidéothèque, l'usager peut d'une part utiliser les moyens officiels de publicisation utilisée par Télécâble Vidéotron: catalogue pour autoprogrammation, canal vidéothèque, émission d'information, canal programmation.

Mais à côté de ces moyens "officiels" plusieurs usagers se rapportent plutôt à ce qu'ils ont déjà vu sur les ondes ou encore à des informations apportées par d'autres abonnés de leur entourage (parents, voisins, amis).

B. La demande

La demande des documents se fait par téléphone. La façon de demander dépend grandement de la façon dont l'usager a consulté l'information sur la vidéothèque. A la limite, un usager n'a consulté aucune information et il s'informe au moment-même de sa demande. Il dit par exemple: "Auriez-vous quelque chose sur les animaux en Afrique?"

C. Le visionnement

Le visionnement se fait évidemment à domicile sur l'écran de télévision. Le lecteur a pu toutefois se demander comment l'abonné de Télécâble Vidéotron peut syntoniser 32 canaux alors que la traditionnelle roulette VHF de télévision n'en comporte que treize. L'usager comme l'illustre la photo qui suit dispose en fait d'un "câblosélecteur" relié à l'appareil de télévision et permettant de synthoniser à distance l'un ou l'autre des 8 canaux réservés à la demande ainsi que tous les autres canaux déjà énumérés.

Un tel équipement invite davantage à un comportement bien lié au visionnement: dans le langage de Télécâble Vidéotron, le dit comportement s'appelle le "pitonnage". Avec un tel équipement en effet, l'usager peut, sans se lever de sa chaise, actionner les boutons de ce câblo-sélecteur et faire en quelques secondes un "lèche-vitrine" sur tous les autres canaux puis revenir ou non au canal qu'il visionnait.

On réalise en même temps qu'un usager peut très bien visionner des documents même s'il ne les a pas demandés lui-même.

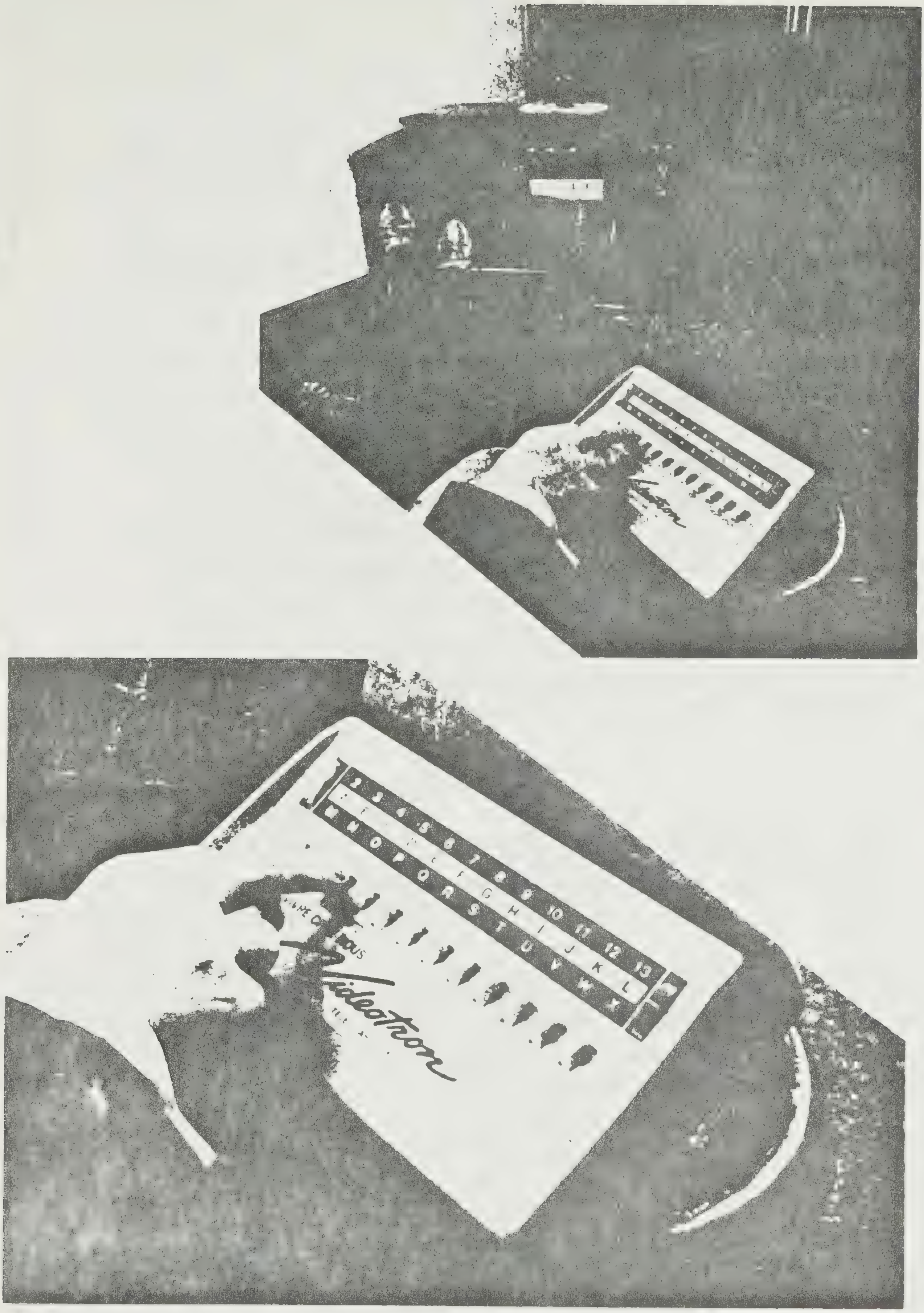

FIGURE III: L'abonné à domicile

D. Le déboursé

Le déboursé consiste en mensualités payées selon des tarifs déjà mentionnés dans la section sur le diffuseur.

L'usager peut ne jamais faire de demande mais payer quand même pour son abonnement. Il faut se rappeler en effet que le coût d'abonnement donne en même temps accès à d'autres services, comme l'accès aux chaînes canadiennes et américaines traditionnelles, aux canaux communautaires et les canaux de services.
Le chapitre IV rassemblera d'autres informations qualitatives sur les comportements, attitudes et motivations des usagers. A ce stade-ci de la démarche les autres informations nécessaires à propos des usagers ont trait plutôt à un estimé du nombre d'abonnés.

E. Note sur la quantité d'abonnés

En décembre 1976, il y a 27,070 foyers câblés par Télécâble Vidéotron.

Pour savoir quelle portée donner aux observations que nous ferons dans les chapitres à venir, nous devons établir ce que représente cette quantité de foyers et aussi connaître quelque peu le genre de clientèle représentée par ces foyers.

1. Quantité de foyers câblés

Pour estimer un peu l'importance de ce nombre de foyers, nous présentons quelques informations générales sur les cinq municipalités câblées.

Le tableau 1 présente pour chaque municipalité les données sur :

- la population totale selon les données provisoires du recensement de 1976 devant paraître en septembre prochain
- le nombre de foyers sur le territoire de Télécâble Vidéotron
- le nombre de foyers actuellement câblés (décembre 1976) par Télécâble Vidéotron
- le taux de pénétration (nombre de foyers câblés divisé par le nombre de foyers)

Les villes y apparaissent par ordre d'importance au point de vue du nombre de foyers câblés.

TABLEAU 1

DESCRIPTION DES MUNICIPALITES AU POINT DE VUE DE LA POPULATION TOTALE, LE NOMBRE DE FOYERS, LE NOMBRE DE FOYERS CABLES ET LE % DE PENETRATION.

MUNICIPALITES	POPULATION	NOMBRE DE FOYERS	NOMBRE DE FOYERS CABLES	% DE PENETRATION
Longueuil[1]	119,994	31,000	12,300	.40
St-Hubert	48,385	9,689	6,200	.64
Brossard	37,088	11,368	5,000	.44
Laprairie	8,989	2,550	1,900	.75
Candiac	7,153	1,889	1,670	.88
Total:	221,609	56,496	27,070	.48

[1] Sauf le Vieux-Longueuil qui est extérieur au territoire de Télécâble Vidéotron.

Donc ces 27,070 foyers câblés représentent 48% de tous les foyers des cinq municipalités. Le taux de pénétration varie à l'intérieur de chaque municipalité de 40% (pour Longueuil) à 88% (pour Candiac). Un taux si élevé de pénétration pour Candiac est dû à un règlement municipal qui défend l'installation d'antenne.

Etant donné que nous voudrons par la suite parler "usagers individuels" et non seulement "foyer abonné" nous avons avantage à essayer d'estimer le nombre de personnes correspondant à ce nombre de foyers câblés.

Or si nous prenons comme point de référence le nombre moyen de personnes par foyer selon chaque municipalité et si nous le multiplions par le nombre de foyers câblés, alors nous en arrivons à un estimé d'une clientèle globale actuelle de 108,460 personnes. Le tableau 2 fournit les détails de ce calcul.

TABLEAU 2

NOMBRE ESTIME DE PERSONNES ATTEINTES A PARTIR DU NOMBRE MOYEN DE PERSONNES PAR FOYER ET DU NOMBRE DE FOYERS "CABLES".

MUNICIPALITES	NOMBRE MOYEN DE PERSONNES PAR FOYER (1)	NOMBRE DE FOYERS CABLES	NOMBRE ESTIME DE PERSONNES ATTEINTES
Longueuil	3.9	12,300	47,970
St-Hubert	5.0	6,200	51,000
Brossard	3.3	5,000	16,500
Laprairie	3.5	1,900	6,650
Candiac	3.8	1,670	6,346
			108,460

[1] Calculé à partir des données du tableau 1.

Evidemment il se peut que dans une municipalité la moyenne de personnes par foyer câblé ne soit pas la même que la moyenne de personnes pour l'ensemble de tous les foyers de la même municipalité. Etant donné que, comme nous le verrons plus loin, les abonnés semblent se recruter surtout chez une clientèle familiale, les moyennes utilisées nous apparaissent au moins comme un estimé conservateur.

Retenons donc pour la poursuite de ce travail que:

- l'ordre d'importance des municipalités au point de vue du nombre de foyers câblés est: Longueuil, St-Hubert, Brossard, Laprairie, Candiac
- le nombre de foyers câblés constitue environ 50% de tous les foyers
- la population totale utilisant possiblement le système peut se chiffrer à environ 108,460 personnes

2. Genre de clientèle représentée par ces foyers câblés

Etant donné que le présent projet ne consistait pas surtout en une étude pour Télécâble Vidéotron portant sur les caractéristiques de sa clientèle, nous ne pouvons faire bénéficier le lecteur d'une description exacte de la clientèle même.

Toutefois une description approximative est possible. Tout ce que nous souhaitons de cette description, c'est qu'elle indique au moins dans quelle mesure les caractéristiques de cette clientèle peuvent réellement correspondre aux caractéristiques de la population que Radio-Québec veut rejoindre: c'est-à-dire le public en général et surtout pas uniquement les populations les plus scolarisées et privilégiées.

Pour faire cette description approximative, nous bénéficions de deux sources d'information:

- une brève enquête de Marketing faite par Télécâble Vidéotron en juillet 1976 (voir chapitre IV, p.91)
- les données du recensement de Statistiques Canada de 1971

Avec les données de Statistiques Canada du recensement 1971 (voir Appendice A) il nous semble que les caractéristiques générales de cette population peuvent correspondre aux caractéristiques d'une population que Radio-Québec peut souhaiter atteindre:

- majoritairement francophone
- de revenu moyen
- de scolarité majoritairement inférieure à 13 ans
- composée d'un public familial (50% de la population y a moins de 20 ans)

Par ailleurs, les données de l'étude de Marketing laissent supposer que la partie de la population qui "s'abonne" se recrute à 92% auprès de gens mariés, ayant au moins un enfant. L'occupation de ces abonnés étant à majorité d'ouvriers non spécialisés (39%) puis d'ouvriers spécialisés (30%) et de professionnels industriels et commerçants (20%)

Les usagers institutionnels

Les usagers institutionnels sont presqu'exclusivement scolaires. On y compte en effet:

- 22 des 23 écoles élémentaires de la Commission scolaire Jacques-Cartier (Longueuil)

- deux polyvalentes de la région

- le Cégep Edouard-Montpetit

- les hôtels de ville des cinq municipalités sauf Longueuil (car son édifice n'est pas sur le territoire de Télécâble Vidéotron)

Notre étude ne s'est pas penchée sur une cueillette de données plus précises sur les usagers institutionnels mais nous pouvons apporter quelques informations techniques relativement aux activités de base de ces usagers.

Les activités consultation de l'information et de demande sont toujours reliées évidemment à des activités pédagogiques ou d'information. Elles ne consistent pas uniquement en une utilisation de documents mis en vidéothèque par les fournisseurs habituels de Télécâble Vidéotron. Le chapitre IV portant sur les comportements des usagers réserve une certaine place aux utilisations faites de ce système par certaines écoles.
(Voir chapitre IV, pages 128 à 132).

L'équipement pour le visionnement des émissions consiste en une moyenne de 2 appareils câblés par établissement scolaire. Le Cégep Edouard Montpetit n'utilise qu'un appareil câblé et peut rediffuser sur 20 autres appareils.

Pour le déboursé, l'installation et l'abonnement du premier appareil câblé sont gratuits. Pour tout appareil supplémentaire l'institution paie le tarif régulier de Télécâble Vidéotron.

LE FOURNISSEUR

Notre modèle insistait sur le fait qu'un fournisseur "fournit" des documents dans le cadre d'une activité ayant une place bien précise dans sa propre entreprise. Selon les cas, l'activité est soit une activité de location ou de vente de document, soit une activité de promotion d'un produit o. soit une activité d'information ou d'éducation. Et l'on concevait par ailleurs des cas mixtes recoupant deux de ces activités ou même les trois simultanément. De plus le modèle attirait l'attention sur les activités de déboursé ou de collecte impliquant les fournisseurs.

Essayons dans un premier temps de faire en ces termes une analyse d'ensemble des fournisseurs de Télécâble Vidéotron. Et revenons en un deuxième temps pour porter une attention plus particulière à Radio-Québec, le plus important fournisseur en nombre de documents.

Analyse des différents fournisseurs de Télécâble Vidéotron

Les différents fournisseurs de Télécâble Vidéotron sont identifiés à des organismes très variés. Ils peuvent relever d'organismes gouvernementaux, ou d'entreprises privées ou d'individus qui sont intérieurs ou extérieurs au domaine de l'audio-visuel.

Le tableau 3 regroupe les fournisseurs selon l'organisme auquel ils appartiennent. Pour chaque fournisseur, le tableau désigne le nombre approximatif de documents fournis et l'activité à laquelle est surtout associée la transaction ocation ou vente, promotion, information ou éducation).

TABLEAU 3

DESCRIPTION DES FOURNISSEURS DE TELECABLE VIDEOTRON SELON LE GENRE D'ORGANISME, LE NOMBRE DE DOCUMENTS FOURNIS ET LA PRINCIPALE ACTIVITE ASSOCIEE A LA TRANSACTION.

GENRE D'ORGANISME	LE FOURNISSEUR	NOMBRE APPROXIMATIF DE DOCUMENTS	Activité principale associée à la transaction: Location/ Vente	Promotion	Information/ Education
Organisme gouvernemental fédéral en audio-visuel	Radio-Canada	16			X
	O.N.F.	280	X		
Organisme gouvernemental fédéral extérieur à l'audio-visuel	Ministère du Revenu	50			X
	Ministère du Tourisme			X	
	Ministère des Postes				X
	Ministère de la Défense			X	
Organisme gouvernemental provincial en audio-visuel	Direction générale du cinéma (D.G.C.A. ou O.F.Q.)	30			X
	Service Général des Moyens d'Enseignement (S.G.M.E.)	50			X
	Radio-Québec	800			X
	Multi-Media	30			X
Organisme gouvernemental provincial extérieur à l'audio-visuel	-Ministère du Revenu	60			X
	-Ministère du Tourisme, de la Chasse et de la Pêche			X	
	-C.L.S.C.			X	
	-Cégeps				X
	-Ecoles secondaires				X
	-Ecole élémentaires				X
	-Musée de l'électricité				X

DESCRIPTION DES FOURNISSEURS DE TELECABLE VIDEOTRON SELON LE GENRE D'ORGANISME, LE NOMBRE DE DOCUMENTS FOURNIS ET LA PRINCIPALE ACTIVITE ASSOCIEE A LA TRANSACTION.

GENRE D'ORGANISME	LE FOURNISSEUR	NOMBRE APPROXIMATIF DE DOCUMENTS	Activité principale associée à la transaction: Location/ Vente	Promotion	Information/ Education
Organisme privé en audio-visuel	Faroun	125	X		
	Cinémathèque moderne	50		X	
	Multi-Vidéo	50	X		
	City Film	100		X	
Organisme privé extérieur à l'audio-visuel	Cie de pétrole	100		X	
	Cie de bière			X	
	Banque			X	
	Cie pharmaceutique			X	
	Cie d'assurances			X	
	Cie aérienne			X	
	Cie d'aliments naturels			X	
	Professionnels: Psychologue, médecin, etc..			X	
Autres	Ambassades	150		X	
	Consulats			X	
	UNICEF				X
	Croix Rouge				X
Groupes communautaires	Club d'Age d'or	100			x
	Club de hockey				x
	Jeune chambre				x
	Club optimiste				x
	Projet d'initiative loc.				x
	Comité de citoyens				x
	Comm. scol. J. Cartier				x
	Conseil municipal de Longueuil				x

Radio-Québec comme fournisseur

A. Type d'organisme

Comme fournisseur, Radio-Québec est un organisme gouvernemental provincial à l'intérieur du domaine de la production et de la diffusion audio-visuelles.

B. Nombre de documents

Avec environ 800 documents en vidéothèque, Radio-Québec constitue le plus gros fournisseur de Télécâble Vidéotron.

C. Activité associée à la transaction

Quant à l'activité à laquelle est associée la transaction Radio-Québec et Télécâble Vidéotron, elle tient surtout à une activité préoccupée d'information et d'éducation auprès du public puisque c'est là la mission-même de Radio-Québec. En même temps, on ne peut nier que la présence de documents de Radio-Québec en vidéothèque peut servir à faire la promotion de Radio-Québec.

D. Ententes financières "Radio-Québec-Télécâble Vidéotron"

Pour parler des ententes entre Radio-Québec et Télécâble Vidéotron, il faut faire une nuance préliminaire très importante.

Parmi les 800 documents de Radio-Québec en vidéothèque, il y a deux catégories de documents:

- Il y a les 78 documents apportés par Radio-Québec en septembre '76 dans le cadre de l'actuel projet.

- Il y a les quelques 700 autres documents que Télécâble Vidéotron a directement enregistrés et continue à enregistrer lors même de leur diffusion sur les ondes de Radio-Québec.

Dans le cas des 78 documents, un protocole d'entente mentionné en préface, établissait la durée du prêt de ces documents. Radio-Québec fournissait gratuitement 78 documents pour une période d'environ 4 mois, à la fin de laquelle les cassettes devaient être récupérées. Radio-Québec avait aussi défrayé les coûts relatifs à certains droits d'auteurs qui frappaient en tout ou en partie certains de ces documents pour la durée du même projet.

Quant aux quelques 700 autres documents, c'est Télécâble Vidéotron qui les a lui-même enregistrés sur ses propres cassettes. Télécâble Vidéotron se permet cet enregistrement en interprétant une ordonnance générale de la Régie des Services Publics voulant que les câblodistributeurs diffusent la production de Radio-Québec.(1) A date, Radio-Québec a laissé à Télécâble Vidéotron la responsabilité d'une telle interprétation. A propos de ces documents, Radio-Québec ne débourse rien et ne collecte rien.

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[1] Ordonnance générale no. 29 de la Régie des Services Publics concernant la distribution de la programmation de Radio-Québec par les entreprises de câblodistribution.

C H A P I T R E I I I

LA DEMANDE DES DOCUMENTS DE RADIO-QUEBEC, DE L'OFFICE NATIONAL DU FILM ET DE FAROUN FILM

Ce troisième chapitre rend compte de la demande des documents de Radio-Québec par rapport à ceux de l'Office National du Film (O.N.F.) et de Faroun Film.

La méthode que nous utilisons se compose de quatre étapes qui feront en même temps l'objet des quatre parties de ce chapitre.

- Choix des documents à observer dans le système de Télécâble Vidéotron.

- Choix de la période d'observation.

- Relevé du nombre de passes par document: i.e. le nombre de fois que chaque document a été mis en ondes pendant la période d'observation choisie.

- Description et analyse des différences dans la demande des documents.

CHOIX DES DOCUMENTS

Pour l'étude nous avons choisi des documents de Radio-Québec. Pour fin de comparaison nous avons aussi choisi des documents des deux autres plus importants fournisseurs de Télécâble Vidéotron, à savoir l'Office National du Film et Faroun Film (une firme de distribution spécialisée dans les films pour enfants).

Choix des documents de Radio-Québec

Selon les termes du protocole d'entente entre Radio-Québec et Télécâble Vidéotron, Radio-Québec devait fournir à Télécâble Vidéotron 80 documents pour la durée du projet qui devait s'étendre de septembre '76 à décembre '76. Ces 80 documents ont été choisis parmi des séries déjà produites par Radio-Québec et qui constituaient des reprises dans la programmation d'automne '76.

Tel qu'expliqué au chapitre II, Télécâble Vidéotron avait déjà en vidéothèque une bonne quantité de documents de Radio-Québec. Parmi ces documents nous avons choisi tous ceux qui appartenaient aussi à des séries reprises dans la programmation d'automne sauf "Ambroise raconte" et "Dans la tête des hommes".

Le tableau 4 présente la liste des dites séries de Radio-Québec en indiquant le nombre de documents (ou émissions) obtenus pour chaque série. On notera que les séries y sont regroupées selon leur appartenance à l'une ou l'autre des huit catégories correspondant aux 8 canaux réservés à la diffusion sur demande. L'on a ainsi <u>retenu 243 documents</u> de Radio-Québec.

TABLEAU 4

NOMBRE DE DOCUMENTS (EMISSIONS) OBSERVEES POUR CHACUNE DES SERIES PRODUITES PAR RADIO-QUEBEC.

CANAL DE DIFFUSION	TITRE DE LA SERIE	NOMBRE DE DOCUMENTS OBSERVES
Affaires sociales	Les gros sous	16
	Si on s'y mettait	11
	La vie qu'on mène à l'Assemblée nationale	15
	Dans la tête des hommes	14
Arts et spectacles	Rythmes	15
	Prête-moi ta plume	8
Enfants	Les Marmitons	9
Etudiants	Ce coin de pays	23
	Au coeur des mots	10
	Ambroise raconte	4
Loisirs socio-culturels	Poste Frontière	22
Loisirs sportifs	Un p'tit coup de coeur	17
	Autonomie	19
Sciences et éducation	Le sens de la vie	18
	L'âge de la parole	13
	Approche	28
Troisième âge	(Le document d'Approche sur la sexualité du 3e âge)	1
TOTAL:		243

Choix des documents de l'O.N.F.

Tous les documents de l'O.N.F. en vidéothèque au moment de l'étude ont été retenus car nous avions de toute façon accès à des compilations déjà faites à Télécâble Vidéotron pour le compte de l'O.N.F. Ces documents de l'O.N.F. sont au nombre de 237 et sont répartis dans sept des huit catégories de Télécâble Vidéotron. Comme l'indique le tableau 5 la catégorie "étudiant" n'a pas de document de l'O.N.F. car au moment où l'O.N.F. a déposé ses documents à Télécâble Vidéotron, le canal ne fonctionnait pas encore.

TABLEAU 5

DISTRIBUTION DES DOCUMENTS DE L'OFFICE NATIONAL DU FILM A L'INTERIEUR DES 8 CANAUX DE DIFFUSION SUR DEMANDE

CANAL DE DIFFUSION	NOMBRE DE DOCUMENTS
Affaires sociales	37
Arts et spectacles	52
Enfants	18
Etudiants	0
Loisirs socio-culturels	41
Loisirs sportifs	22
Sciences et éducation	66
Troisième âge	1
TOTAL:	237

Choix des documents de Faroun Film

La vidéothèque contenait déjà 117 documents de la maison Faroun Film. Tout comme pour l'O.N.F., nous avions déjà accès à des compilations sur la fréquence de mise en ondes de ces documents. Nous les avons donc tous retenus. Fait à remarquer cependant, ces documents sont tous destinés à une diffusion sur le même canal, le canal "enfants".

L'ensemble de tous les documents observés se totalise donc à 597, c'est-à-dire:

243 documents de RADIO-QUEBEC

237 documents de L'OFFICE NATIONAL DU FILM[1]

117 documents de FAROUN FILM[1]

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1 Nous remercions MM. Pierre Ducharme de l'O.N.F. et Roch Demers de Faroun Film d'avoir permis l'utilisation de ces données pour la présente étude.

CHOIX DE LA PERIODE D'OBSERVATION

La période étudiée pour les documents de Radio-Québec s'étend du 19 septembre 1975 (naissance de Télécâble Vidéotron) jusqu'au 12 décembre 1976. Ceci ne signifie pas que tous les documents ont eu la même durée de vie en vidéothèque. Certains y sont arrivés après d'autres. Il en est de même pour Faroun sauf que la période d'observation se termine le 20 juillet 1976. Pour l'O.N.F., la période d'étude commence le 30 septembre 1975, s'arrête le 2 octobre 1976 puisque le dernier relevé s'arrêtait à cette date.

RELEVE DU NOMBRE DE PASSES PAR DOCUMENT

Notion de "nombre de passes"

L'expression "nombre de passes" est utilisée à Télécâble Vidéotron pour désigner le nombre de fois qu'un document a été mis en ondes pendant une période donnée.

Dans cette étude, les données disponibles ne permettaient que de connaître le nombre de fois qu'un document a été mis en ondes. Or c'est ce "nombre de passes" qui est utilisé pour avoir un estimé du nombre de fois qu'un document a été demandé.

Méthode de mesure du nombre de passes

Pour chacun des documents étudiés nous avons calculé le nombre de fois qu'il a été mis en ondes (nombre de passes) ainsi que le nombre de semaines de présence de ce document dans la vidéothèque. Nous avons alors pu calculer une moyenne de passes par semaine pour chacun de ces documents. Par exemple, le document "Anatomie de l'orgasme" de la série "Approche" de Radio-Québec a bénéficié de 231 passes en 39 semaines: ce qui lui confère une moyenne de 5.9 passes par semaine.

De plus afin de simplifier l'analyse et l'interprétation de données portant sur une quantité aussi considérable de documents souvent très différents les uns des autres, nous avons attribué à chaque document une cote pouvant varier de 1 à 5. Pour ce faire, nous avons mis tous ces documents par ordre de popularité selon leur moyenne et nous les avons divisés en cinq tranches de 20%. Les 20% qui ont la plus haute moyenne de passes par semaine ont obtenu la cote 5. Les 20% suivants ont eu la cote 4 et ainsi de suite jusqu'aux 20% inférieurs qui ont obtenu la cote 1.

De cette façon, nous avons obtenu le barême suivant:

Cote 5:	pour les documents ayant une moyenne variant de 1.7 à 11 passes/semaine.
Cote 4:	pour les documents ayant une moyenne variant de .8 à 1.6 passes/semaine.
Cote 3:	pour les documents ayant une moyenne variant de .5 à .7 passes/semaine.
Cote 2:	pour les documents ayant une moyenne variant de .3 à .4 passes/semaine.
Cote 1:	pour les documents ayant une moyenne variant de .0 à .2 passes/semaine.

Finalement, un petit traitement supplémentaire a été fait pour les séries de Radio-Québec. Chaque série a reçu une cote moyenne qui est la-moyenne des cotes obtenues par chacun des documents de cette série.

Les résultats obtenus

Les appendices B, C et D décrivent chacun des documents observés au point de vue du nombre de passes, du nombre de semaines, de la moyenne de passes par semaine et de leur cote pouvant varier de 1 à 5.

L'appendice B regroupe les tableaux identifiant de cette façon les 242 documents de Radio-Québec. Ces documents sont regroupés selon la série à laquelle ils appartiennent. Dans chaque tableau propre à chacune des séries, on y retrouve aussi la cote moyenne de la série.

L'appendice C est consacré aux tableaux caractérisant chacun des 237 documents de l'O.N.F. Ces documents y sont regroupés selon la catégorie à laquelle ils appartiennent.

L'appendice D présente le tableau concernant les 117 documents de Faroun Film.

PAY TELEVISION / TELEVISION A PEAGE

COMMENTS / COMMENTAIRES

BY ALPHABETICAL ORDER/PAR ORDRE ALPHABETIQUE

COMMENTS/COMMENTAIRES	NUMBER/NUMERO 1976	1977
APPLEBY, DR. L.H. Quesnel, British Columbia	112	N- 7
ASSOCIATION DES PRODUCTEURS DE FILMS DU QUEBEC Montréal, Québec	64	N-55
ASSOCIATION DES PROPRIETAIRES DE CINEMAS DU QUEBEC INC./ASSOCIATION OF CINEMA OWNERS OF QUEBEC INC. Montréal, Québec		N-43
ASSOCIATION OF CANADIAN TELEVISION AND RADIO ARTISTS Toronto, Ontario		N-42
ASTRAL BELLEVUE PATHE LTEE Montréal, Québec	54	N-20
BABE, ROBERT E. Ottawa, Ontario		N-10
BARTHOLOMEW, MICHAEL Toronto, Ontario	49	N-12
BELL CANADA Montréal, Québec	55	N-18
BINSTED, GARY Scarboro, Ontario	2	N- 9
BRITISH COLUMBIA TELEVISION BROADCASTING SYSTEM LTD. Vancouver, British Columbia	62	N-27
BROWN, COLIN N. Willowdale, Ontario	6	N- 2
CALDOBA COMMUNICATIONS LTD. Toronto, Ontario		N-35
CANADIAN ASSOCIATION OF BROADCASTERS (THE)/ L'ASSOCIATION CANADIENNE DES RADIODIFFUSEURS Ottawa, Ontario	38	N- 8
CANADIAN BROADCASTING CORPORATION/SOCIETE RADIO-CANADA Ottawa, Ontario	32	N-53

COMMENTS/COMMENTAIRES	NUMBER/NUMERO 1976	1977
CANADIAN BROADCASTING LEAGUE/LIGUE DE LA RADIODIFFUSION CANADIENNE Ottawa, Ontario	52	N-14
CANADIAN CABLE TELEVISION ASSOCIATION/ ASSOCIATION CANADIENNE DE TELEVISION PAR CABLE Ottawa, Ontario	39	N-25
CANADIAN CONFERENCE OF THE ARTS/CONFERENCE CANADIENNE DES ARTS Toronto, Ontario	10	N-28
CANADIAN MOTION PICTURE THEATRE OWNERS Toronto, Ontario		N-50
CAPP, GEOFFREY B. London, Ontario		N- 4
CHANNEL SEVENTYNINE LIMITED Toronto, Ontario	60	N-37
CINEO PRODUCTIONS Toronto, Ontario	80	N-33
CONSULCOM INC. Sept-Iles, Québec		N-49
CONSUMER'S ASSOCIATION OF CANADA/ASSOCIATION DES CONSOMMATEURS DU CANADA Ottawa, Ontario	30	N-26
CONTINUING COMMITTEE ON RACE RELATIONS, MEDIA SUBCOMMITTEE Toronto, Ontario	4	N-44
COUNCIL OF CANADIAN FILMMAKERS (THE) Toronto, Ontario	77	N-58
CRANSTON, R. BRUCE Islington, Ontario		N-11
CRAWLEY FILMS LIMITED Toronto, Ontario		N-34
ELLIOTT, EARLE W. Belleville, Ontario		N- 5
FILM HOUSE Toronto, Ontario		N-41
GLOBAL TELEVISION NETWORK Don Mills, Ontario	58	N-57
GORDON, K.S. New York, U.S.A.		N-48
GOVERNMENT OF NEWFOUNDLAND AND LABRADOR, DEPARTMENT OF TRANSPORTATION AND COMMUNICATIONS St. John's, Newfoundland	107	N-54

COMMENTS/COMMENTAIRES	NUMBER/NUMERO 1976	 1977
GOVERNMENT OF ONTARIO, MINISTRY OF TRANSPORTATION AND COMMUNICATIONS Toronto, Ontario		N-59
GURION, STEVEN Toronto, Ontario	92	N- 3
HOME CINEMA LIMITED Winnipeg, Manitoba		N-22
INTER-CHURCH COMMUNICATION Toronto, Ontario	74	N-19
JOINT BROADCAST COMMITTEE (ACA & ICA) Toronto, Ontario	63	N- 6
JOINT REPRESENTATION BY: AMERICAN FEDERATION OF MUSICIANS ASSOCIATION OF CANADIAN TELEVISION AND RADIO ARTISTS, CANADIAN ACTOR'S EQUITY ASSOCIATION, NATIONAL ASSOCIATION OF BROADCAST EMPLOYEES AND TECHNICIANS, UNION DES ARTISTES AND CANADIAN LABOUR CONGRESS	31	N-29
JOINT REPRESENTATION BY: CANADIAN BROADCASTING LEAGUE CANADIAN CONFERENCE OF THE ARTS CANADIAN FILM AND TELEVISION ASSOCIATION COUNCIL OF CANADIAN FILMMAKERS AND SELKIRK HOLDINGS LIMITED		N-60
JOINT REPRESENTATION BY: CNCP TELECOMMUNICATIONS AND AGRA INDUSTRIES LIMITED Toronto, Ontario & Montreal, Quebec	45	N-15
JOINT REPRESENTATION BY: TRANS-CANADA TELEPHONE SYSTEM AND TELESAT CANADA Montreal, Quebec & Toronto, Ontario	53	N-30
MACPHAIL, IAN Simcoe, Ontario		N- 1
MANITOBA CENTENNIAL CENTRE CONCERT HALL Winnipeg, Manitoba		N-36
MOTION PICTURE THEATRE ASSOCIATIONS OF CANADA Toronto, Ontario	26	N-51
NATIONAL ASSOCIATION OF BROADCAST EMPLOYEES AND TECHNICIANS/ASSOCIATION NATIONALE DES EMPLOYES ET TECHNICIENS EN RADIODIFFUSION Montréal, Québec		N-24
ODEON THEATRES (CANADA) LIMITED (THE) Willowdale, Ontario		N-47
PREMIER OPERATING CORPORATION LIMITED Toronto, Ontario		N-45
PRIVATE TELEVISION BROADCASTERS IN CANADA Toronto, Ontario	22	N-23

COMMENTS/COMMENTAIRES	NUMBER/NUMERO 1976	1977
PRODUCTIONS MUTUELLES LIMITEE/MUTUAL PRODUCTIONS LIMITED Montréal, Québec	43	N-39
PTN PAY TELEVISION NETWORK LIMITED/RTP LE RESEAU DE TELEVISION A PEAGE LIMITEE Toronto, Ontario	28	N-13
RADIO 1540 LTD. Toronto, Ontario		N-31
RADIO-QUEBEC; SERVICE DE RECHERCHE ET D'EVALUATION: ETUDE SUR LA TELEVISION SUR DEMANDE CHEZ TELECABLE VIDEOTRON LTEE Montréal, Québec		N-52
ROGERS CABLE TV LIMITED Toronto, Ontario		N-17
SELKIRK HOLDINGS LIMITED Toronto, Ontario	76	N-40
SOCIETE D'EDITION ELECTRONIQUE Montréal, Québec	59	N-56
STANFORD UNIVERSITY, INSTITUTE FOR COMMUNICATION RESEARCH Stanford, California		N-46
TELECABLE VIDEOTRON St-Hubert, Québec	75	N-16
TELE-METROPOLE INC. Montréal, Québec	89	N-38
TORONTO MOTION PICTURE PROJECTIONISTS Toronto, Ontario	99	N-32
WESTERN CODED TELEVISION LIMITED Ottawa, Ontario	40	N-21

COMPARAISON DANS LA DEMANDE DES DOCUMENTS

Pour aborder la question des différences dans la demande de documents, nous commencerons par comparer globalement la demande des documents de Radio-Québec à celle des documents de l'O.N.F. et Faroun Film. Puis nous nous centrerons sur des comparaisons des documents de Radio-Québec entre eux.

Comparaison entre Radio-Québec, l'O.N.F. et Faroun Film

A. Description des différences

Afin d'avoir une idée assez globale de tous les résultats nous pouvons voir combien de documents de Radio-Québec ont obtenu les cotes 1, 2, 3, 4 et 5. Nous pouvons faire de même pour les documents de l'O.N.F. et de Faroun Film. La figure IV illustre les résultats de cette opération.(1)

Cette figure présente trois courbes: une pour Radio-Québec, une pour l'O.N.F. et une autre pour Faroun Film. Ainsi la courbe de Radio-Québec indique qu'environ 35% des documents de Radio-Québec ont obtenu la cote 1, c'est-à-dire

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1 Le lecteur intéressé à connaître les données brutes et les pourcentages précis qui sous-tendront les descriptions qui suivent, pourra se rapporter aux tableaux 44 et 45 en appendice E. Le tableau 44 présente le nombre brut de documents dans chaque série de chaque canal ayant obtenu les cotes 1 à 5. Le tableau 45 présente ces mêmes données en % de documents.

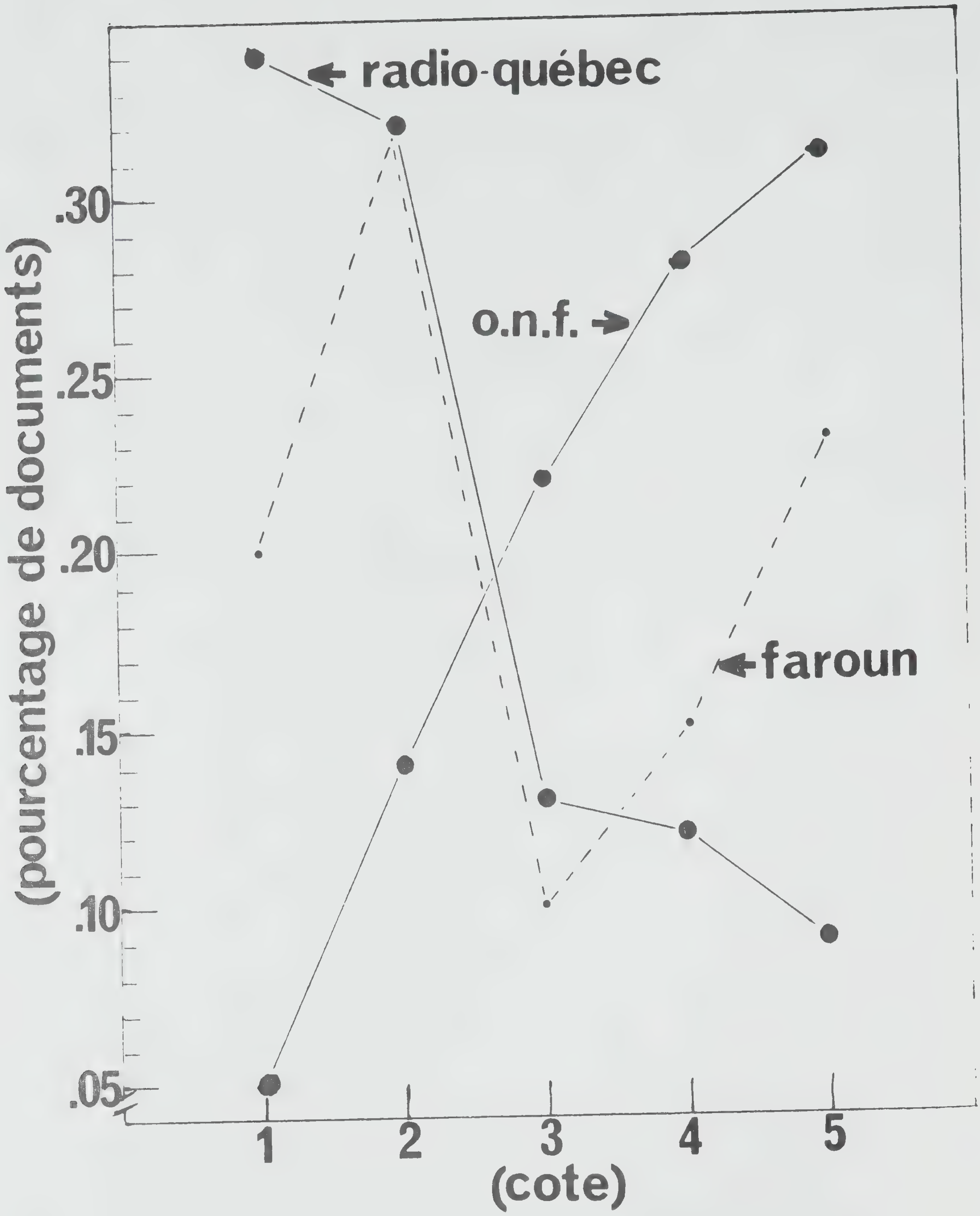

FIGURE IV: Pourcentage des documents de Radio-Québec, l'O.N.F. et Faroun ayant obtenu les cotes 1, 2, 3, 4 ou 5.

qu'ils ont obtenu une moyenne de .0 à .2 passes par semaine. A l'autre extrême, cette courbe indique qu'environ 10% des documents de Radio-Québec ont obtenu la cote de 5 c'est-à-dire qu'ils ont obtenu une moyenne de 1.7 à 11 passes par semaine.

En complétant ainsi la lecture de cette figure, on arrive à constater globalement que l'ensemble des documents de Radio-Québec a été mis en ondes moins souvent que l'ensemble des documents de l'O.N.F. En effet, comparativement à l'O.N.F., Radio-Québec a tendance à avoir plus de documents qui ont les cotes 1 et 2 et moins de documents qui ont les cotes 3, 4 et 5.

Comparativement à Faroun Film, la plus grande différence avec Radio-Québec apparaît au niveau de la cote 1 où Radio-Québec a plus de documents "impopulaires" que Faroun Film.

Les mêmes données présentées plus haut peuvent être différenciées en tenant compte des huit canaux de diffusion.

Comment donc se comparent Radio-Québec, l'O.N.F. et Faroun Film à l'intérieur de chacun des canaux de diffusion? La figure V illustre les tendances générales observées dans chacune des catégories.

En général, on retrouve pour chaque canal de diffusion un sous-profil de demande semblable au profil d'ensemble. Par ailleurs on y observe bien grossièrement que c'est sur le canal "sciences et éducation" qu'il y aurait le moins de différence entre Radio-Québec et l'O.N.F. et que c'est sur le canal "arts et spectacles" que ces deux maisons diffèrent le plus.

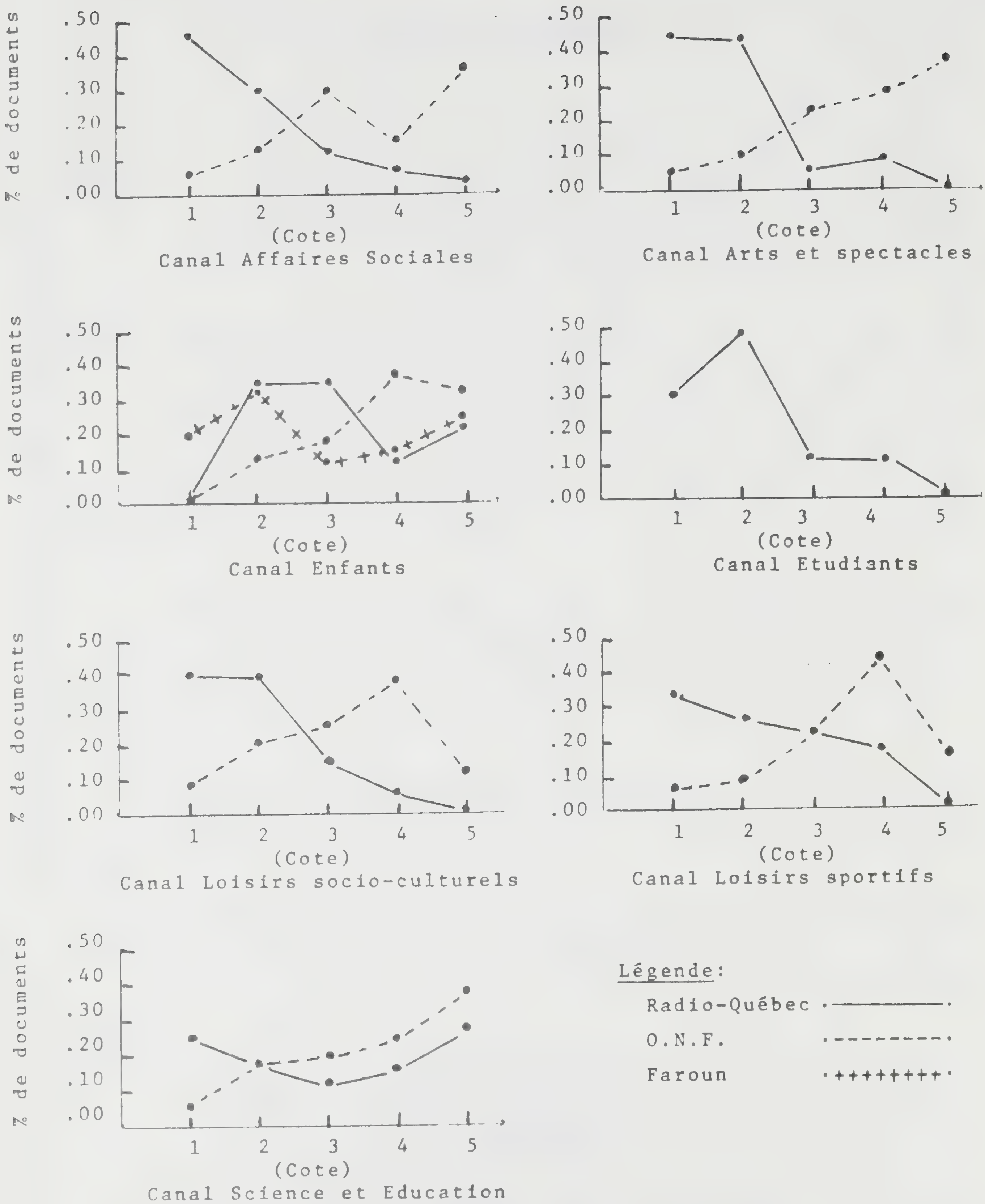

FIGURE V: Description de chacun des canaux de diffusion (3e âge excepté) au point de vue du pourcentage des documents de Radio-Québec, l'O.N.F. et Faroun qui ont obtenu les cotes 1, 2, 3, 4 et 5.

Le canal "étudiant" ne permet pas de comparaison avec l'O.N.F. et le canal "troisième âge" ne permet même aucune description car il n'y a qu'un document de l'O.N.F. et un seul de Radio-Québec.

B. Expl'cation des différences

Pour expliquer les différences dans la demande des documents de Radio-Québec, de l'O.N.F. et de Faroun Film, nous tenterons d'abord de voir la tendance générale dans la demande de l'ensemble des documents compte tenu de leur formule audio-visuelle.

Ensuite, nous analyserons de plus près les exceptions à la tendance générale qui aura été observée.

1. La tendance générale expliquée par la formule des documents

Pour expliquer la tendance générale dans la demande selon la formule, nous allons procéder par cas extrêmes en centrant notre attention sur les documents les plus demandés (cote 5) et les moins demandés (cote 1).

Le tableau 6 rassemble le matériel nécessaire à cet examen. Ce tableau donne la liste des séries produites par Radio-Québec et la liste des "groupes de documents" de l'O.N.F. et de Faroun Film. Chaque série ou groupe de documents est étiquettée d'un mot désignant la formule (exposé, entrevue, film, etc...) qui lui est propre. On a tenté aussi de mettre ces formules dans un ordre allant du "verbal et statique" au "visuel et dynamique".

TABLEAU 6

LISTE DES SERIES OU GROUPES DE DOCUMENTS DECRITS SELON LEUR FORMULE ET LEUR % DE DOCUMENTS AYANT OBTENU LA COTE 1 OU LA COTE 5.

FORMULE	SERIE OU GROUPE DE DOCUMENTS	% DE DOCUMENTS AVEC COTE 1	% DE DOCUMENTS AVEC COTE 5	NOMBRE TOTAL DE DOC. DANS LA SERIE
Exposé	Autonomie	.42	-	19
	Les Marmitons	-	.23	9
Exposé/ entrevue	Gros sous	.44	-	16
Entrevue	Sens de la vie	.39	.11	18
Exposé/ dramatique	Prête-moi ta plume	.50	-	8
	Au coeur des mots	.40	-	10
Exposé/ documentaire	La vie qu'on mène à l'assemblée nationale	.80	-	15
	Ambroise raconte	.25	-	4
Entrevue/ documentaire	L'âge de la parole	.54	-	13
	Un p'tit coup de coeur	.24	-	17
	Ce coin de pays	.26	-	23
	Dans la tête des hommes	.14	.21	14
Exposé/ dramatique/ film	Approche	-	.54	28
Documentaire/ pédagogique	O.N.F. loisirs sportifs	-	.17	12
	O.N.F. Sciences éducation	.05	.38	66
Documentaire/ reportage	Si on s'y mettait	.45	-	11
	Poste Frontière	.32	-	28
	O.N.F. Affaires sociales	.05	-	10
Documentaire/ cinéma/ vérité	O.N.F. Affaires sociales	-	.52	27
Documentaire/ divertissement	Rythmes	.33	-	18
	O.N.F. loisirs socio-cult.	.07	.12	41
	O.N.F. loisirs sportifs	.13	-	8
Film/ animation ou expérimentaux	O.N.F. Arts et spectacles	.04	.33	42
	O.N.F.	-	.10	10
	Faroun(Enfants)	-	.63	43
Film/ marionnettes	Faroun(Enfants)	-	-	74
Film/ à scénario	O.N.F. Arts et spectacles	-	.55	11
	O.N.F. Enfants	-	.70	-

Les formules retenues et la façon d'étiquetter des séries aux groupes de documents pourront apparaître discutables à certains égards. Mais ceci ne nous apparaît pas très grave tant que nous ne nous permettrons pas de tirer des conclusions ayant un niveau de raffinement plus élevé que le niveau de raffinement de cette grille.

Pour chacune de ces séries ou groupes de documents étiquettés de leur "formule" nous indiquons le % de ces documents ayant obtenu la cote 1 et le % de ces documents ayant obtenu la cote 5. Nous rappelons aussi pour chaque série le nombre total de documents utilisé pour calculer ces pourcentages.

A la lecture du tableau 6 on note que les formules de type "documentaire et film" sont plus populaires que les formules de type "exposé et entrevue". En effet, les formules recourant en tout ou en partie à l'exposé ou à l'entrevue, se retrouvent très peu dans la cote 5. Par ailleurs on en retrouve un grand nombre dans la cote 1. Quant aux documents ayant obtenu la cote 5, ils relèvent surtout de formules de type "documentaire" ou "film".

Alors l'élément d'explication aux différences dans la demande des documents de Radio-Québec et celle des autres maisons (O.N.F. et Faroun) semble bien dépendre surtout d'une question de formule: en général les documents de Radio-Québec ont plus une formule de genre "exposé-entrevue" entrecoupée ou non de documentaires ou de films. Par contre, les documents de l'O.N.F. et de Faroun tiennent presqu'essentiellement de la formule "documentaire" ou de formule "film".

2. Exceptions à la tendance générale

Mais il existe deux groupes d'exceptions à cette tendance générale. Le premier groupe d'exceptions est composé de documents possédant la formule "documentaire ou film", mais qui n'ont obtenu que la cote 1.

Le deuxième groupe d'exceptions est constitué des documents de type "exposé ou entrevue", mais qui ont quand même obtenu la cote 5.

a) Premier groupe d'exceptions

Qu'en est-il des documents de formule "documentaire ou film" qui contrairement à la tendance générale n'ont obtenu que la cote 1? Un retour au tableau 6 attire notre attention sur des documents de Radio-Québec, de l'O.N.F. et de Faroun Film.

Chez Radio-Québec, il s'agit de documents appartenant à trois séries différentes: "Si on s'y mettait" (5 documents), "Poste Frontière" (9 documents) et "Rythmes" (5 documents). Comparativement à l'ensemble de tous les documents considérés relevant de la formule "documentaire ou film", ces documents contiennent une plus forte dose de séquences d'explications ou d'entrevues même si elles sont menées sur le terrain.

Chez l'O.N.F., les documents de formule "documentaire ou film" n'ayant obtenu que la cote 1 ne sont qu'au nombre de 8 sur un total de 237 documents. Quatre de ces 8 documents sont en anglais: ce qui contribue à expliquer leur faible demande de la part d'une population d'abonnés majoritairement francophones. Deux autres documents appartiennent à la série "Urbanose", série de documentaires de l'O.N.F. incorporant des exposés et des entrevues (style Radio-Québec). Un autre

document intitulé "Les deux côtés de la médaille" tire plus sur la formule "documentaire-reportage" du genre "Poste Frontière" de Radio-Québec. Un dernier document intitulé "Les voyageurs" date de 1964 et apparaît quelque peu dépassé.

Chez Farour Film, les 23 documents de cette compagnie de distribution qui ont obtenu la cote 1 appartiennent à la série "Le Manège Enchanté" qui est une série française de marionnettes en noir et blanc. (Soulignons en contre-partie que 27 documents distribués par Faroun Film ont obtenu la cote 5, ces derniers sont des films d'animation ou de marionnettes en couleur).

b) Deuxième groupe d'exceptions

Et qu'en est-il des documents de type "exposé ou entrevue" qui, contrairement à la tendance générale, ont quand même réussi à obtenir la cote 5? Le tableau 6 attire cette fois notre attention sur certains documents appartenant à des séries produites par Radio-Québec.

Dans la série "Les Marmitons", il s'agit d'un document intitulé "Le lait" (19 passes en 10 semaines) et d'un document intitulé "La volaille" (67 passes en 40 semaines).

Dans la série "Le sens de la vie", il s'agit d'un document intitulé "La sexualité" (57 passes en 31 semaines) et d'un autre intitulé "La liberté" (53 passes en 30 semaines).

Dans la série "Dans la tête des hommes", il s'agit de trois documents: "L'attente ou l'accouchement naturel" (600 passes en 67 semaines), "La dragueuse" (363 passes en 63 semaines) et "La transexuée" (291 passes en 59 semaines).

Enfin dans la série "Approche", il s'agit de 15 documents traitant tous de sexualité. Le lecteur peut en repérer la liste complète en consultant le tableau 21 en Appendice B. Citons au moins les trois plus populaires: "Anatomie de l'orgasme" (231 passes en 39 semaines), "Eveil sexuel de l'adolescent" (51 passes en 9 semaines) et "Party d'adolescent" (302 passes en 59 semaines).

Parmi tous ces documents (en tout 22) utilisant "l'exposé ou l'entrevue" et qui ont en même temps réussi à obtenir la cote 5, on note qu'il y en a 19 qui traitent de sexualité, deux qui traitent d'un contenu très pratique et concret et un qui traite d'un sujet général comme la liberté. Une nuance donc peut être apportée à propos de la tendance générale observée dans l'ensemble de tous les documents; il semble que des documents de type "exposé ou entrevue" peuvent déterminer une forte demande en autant que la thématique soit très près des préoccupations des gens comme la sexualité.

Comparaison entre les séries de Radio-Québec

Pour décrire les différences entre les séries nous mettrons ces séries en rang selon leur popularité et nous rappellerons le thème principal et la formule propres à chacune des séries. Puis nous tenterons d'expliquer leur rang en popularité en tenant compte du thème principal de ces séries et en tenant compte de leur formule.
Le tableau 7 met les séries par ordre de popularité.

TABLEAU 7

DESCRIPTION DES SERIES DE RADIO-QUEBEC SELON LEUR RANG EN POPULARITE, LEUR THEME PRINCIPAL, LEUR FORMULE, LE NOMBRE DE LEURS DOCUMENTS EN VIDEOTHEQUE ET LA COTE MOYENNE OBTENUE PAR LA SERIE.

RANG	TITRE DE LA SERIE	THEME PRINCIPAL	FORMULES				Nombre de doc. en videothèque	Cote moyenne de la série
			Exposé	Entrevue	Dramatique	Documentaire		
1	APPROCHE	Sexualité	x		x	x	28	4.39
2	LES MARMITONS	La cuisine	x			:	9	3.22
3	DANS LA TETE DES HOMMES	La femme		x		x	14	2.93
4	UN P'TIT COUP DE COEUR	Activité physique		x		x	17	2.47
5	AMBROISE RACONTE	Coutumes du Québec	x			x	4	2.25
6	LE SENS DE LA VIE	La vie		x			18	2.22
7	CE COIN DE PAYS	Régions du Québec		x		x	23	2.09
8	AUTONOMIE	Entretien de l'automobile	x				19	2.06
9	SI ON S'Y METTAIT	Initiatives communautaires		x		x	11	1.91
10	RYTHMES(1)	Folklore québécois		x		x	15	1.87
11	POSTE FRONTIERE	Politique en pays étrangers		x		x	22	1.82
12	LES GROS SOUS	Economie	x	x		x	16	1.81
13	AU COEUR DES MOTS	Vocabulaire	x		x	x	10	1.80
14	PRETE-MOI TA PLUME	Littérature québécoise	x		x		8	1.63
15	L'AGE DE LA PAROLE	La langue au Québec	x	x		x	13	1.46
16	LA VIE QU'ON MENE A L'ASSEMBLEE NATIONALE	Structures politiques au Québec	x	x		x	15	1.20

1 Exceptionnellement la formule de Rythmes inclue une forte dose de variété.

A. Description des différences entre les séries

L'ordre de popularité des séries peut être estimé à partir de la cote globale donnée à chaque série. Nous avons déjà mentionné plus haut (voir page 57) que chaque série a reçu une cote globale qui est en fait la moyenne des cotes (1 à 5) obtenues par chacun de ses documents.

C'est en reférant à ces notes que le tableau 7 met les différentes séries en rang de popularité. Le tableau indique aussi le thème principal de chaque série et il caractérise la formule propre à chaque série.

Voilà donc l'ordre de popularité qu'obtiennent ces séries de Radio-Québec présentées dans un système de télévision sur demande. Nous avons été curieux de vérifier si cet ordre de popularité est le même que l'ordre de popularité de ces séries sur les ondes de Radio-Québec. C'est pourquoi nous sommes retournés aux résultats du dernier sondage de Radio-Québec.[1] Nous avons examiné les cotes d'écoute obtenues par les séries auxquelles nous nous intéressons présentement (il a fallu mettre de côté les séries "Dans la tête des hommes" et "Ambroise raconte" qui ne faisaient pas partie de la programmation d'automne).

La figure VI compare "visuellement" le rang obtenu par chaque série à l'intérieur du système de télévision sur demande et sur les ondes de Radio-Québec.

Par exemple, le lecteur peut repérer dans la figure la série "Si on s'y mettait" et constater que cette série obtient le 7e rang dans la TV sur demande pendant qu'elle obtient le 3e rang sur les ondes de Radio-Québec.

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1 Sondage sur l'auditoire de Radio-Québec, Automne 76, Sorecom

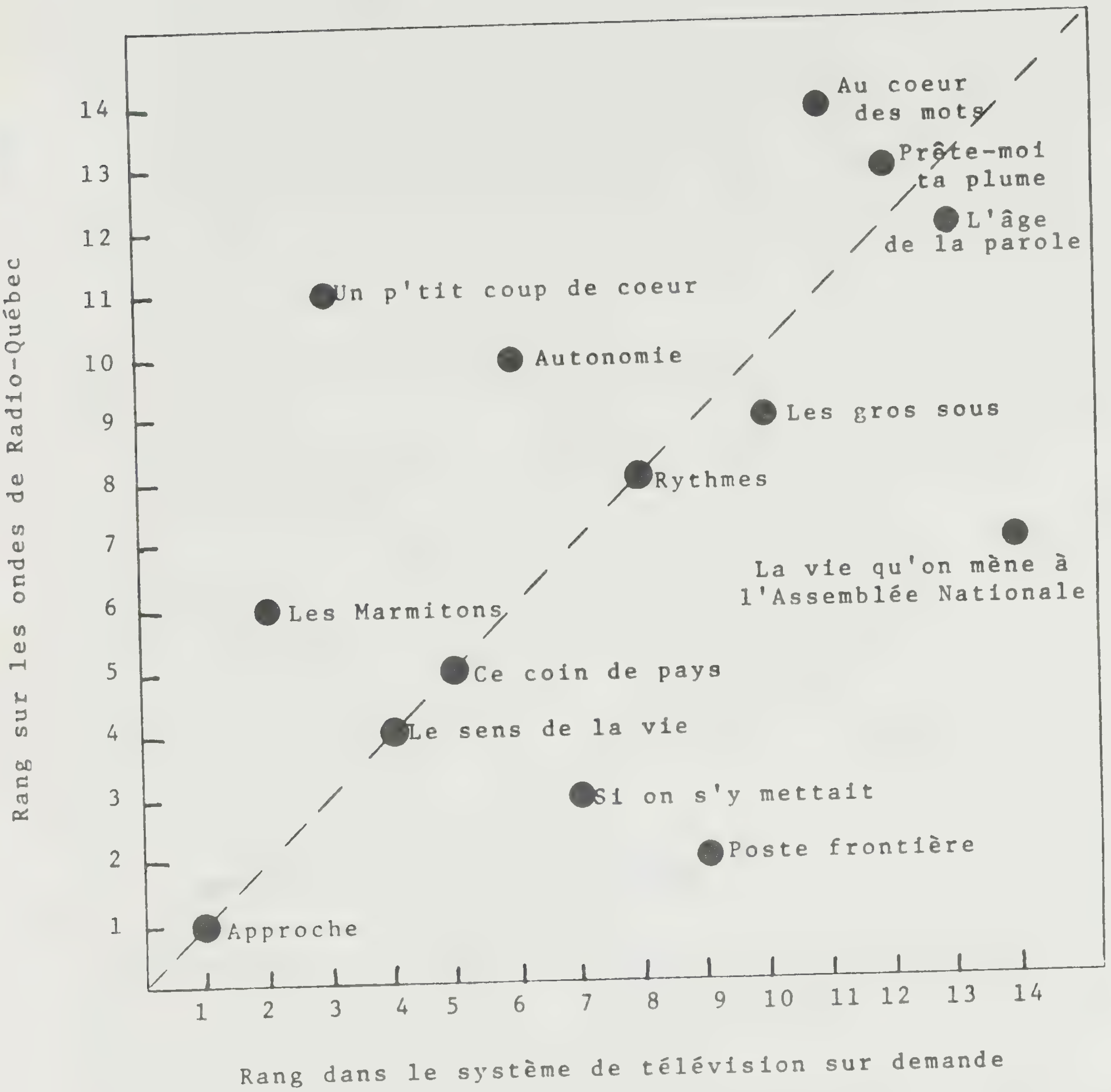

FIGURE VI: Description des séries selon leur rang en popularité dans le système de télévision sur demande et sur les ondes de Radio-Québec.

Pour lire cette figure de façon encore plus significative, soulignons que toutes les séries situées près de la diagonale (ligne pointillée) sont des séries qui obtiennent à peu près le même rang de popularité dans l'un ou l'autre des systèmes de diffusion: Approche, Le sens de la vie, Ce coin de pays, Rythmes, Les gros sous, Au coeur des mots, Prête-moi ta plume, L'âge de la parole.

Mais il y a des séries qui obtiennent des rangs bien différents selon leur système de diffusion.

D'une part, les séries "Les Marmitons", "Autonomie" et "Un p'tit coup de coeur" obtiennent un meilleur rang dans la TV sur demande que sur les ondes de Radio-Québec.

D'autre part, les séries "Si on s'y mettait", "Poste Frontière" et "La vie qu'on mène à l'Assemblée nationale" obtiennent un moins bon rang dans la télévision sur demande que sur les ondes de Radio-Québec.

B. Explications des différences de popularité des séries

A l'aide des données présentées par le tableau 7 essayons de voir comment les différences de popularité entre les séries pourraient s'expliquer par des différences de formule et par des différences de thèmes.

En réalité ces séries de Radio-Québec ne sont pas si différentes entre elles par leur formule surtout quand nous les mettons en opposition avec des productions comme celles de l'O.N.F. et de Faroun Film.

fait, toutes ces séries utilisent en plus ou en moins exposés avec des entrevues entrecoupées de documentaires ou films et parfois agrémentés de dramatique.

(Prenons la série de Radio-Québec qu'on imagine habituellement comme la plus éloignée de ce pattern: Poste Frontière. Il s'agit d'une série de documentaires tournée à l'étranger portant sur différents aspects de la vie politique, sociale et économique. Or cette série documentaires est elle aussi ponctuée de séquences d'exposés ou d'entrevues, la seule différence étant que ces séquences prennent place sous des bananiers ou ailleurs).

Avec si peu de différences de formules dans l'ensemble des séries, la lecture du tableau 7 nous invite davantage à expliquer les différences de popularité par des différences de thèmes.

Nous pouvons dégager une certaine impression générale quand nous regardons le thème principal de chaque série.

Nous voyons que les séries les plus populaires touchent directement "la personne" ou des activités concrètes de la vie quotidienne: la sexualité (Approche), l'art culinaire (Les Marmitons), la femme (Dans la tête des hommes), l'activité physique (Un p'tit coup de coeur).

Viennent ensuite des séries touchant encore l'existence des gens mais de façon un peu moins immédiate: différentes coutumes du Québec (Ambroise raconte), différents thèmes sur la vie (Le sens de la vie) et différentes initiatives communautaires au Québec (Si on s'y mettait), les danses folkloriques au Québec et à l'étranger (Rythmes), enfin différents aspects de la vie politique en pays étranger (Poste Frontière). La série Autonomie sur l'entretien de l'automobile se glisse au milieu de ce groupe.

Viennent enfin les séries portant sur des thèmes plus abstraits ou du moins à teneur plus académique. Il s'agit des thèmes des structures économiques (Les gros sous) ou les structures politiques (La vie qu'on mène à l'Assemblée nationale) ou encore tous les thèmes relatifs à la langue, à savoir le vocabulaire (Au coeur des mots), la littérature québécoise (`rête-moi ta plume) et les problèmes de langue au Québec (L'âge de la parole).

Il semble donc que les différences de popularité des séries vont de pair avec des différences de thèmes, allant de l'immédiat, concret et individuel au plus éloigné, abstrait et collectif.

Cette interprétation devient encore plus plausible quand nous regardons quelles séries ont obtenu plus de popularité dans la télévision sur demande que sur les ondes de Radio-Québec. Il s'agit précisément des trois séries portant sur des habiletés pratiques intéressant les individus: Les Marmitons (art culinaire), Autonomie (entretien de l'automobile), Un p'tit coup de coeur (informations sur différentes activités physiques ou sportives). Ces trois séries ont amélioré leur position au détriment des trois autres séries de Radio-Québec portant sur des considérations politiques et collectives: "Si on s'y mettait" (diverses initiatives communautaires au Québec), "Poste Frontière" (différents problèmes de vie politique, sociale et économique à l'étranger), "La vie qu'on mène à l'Assemblée natio-ale" (structures et mécanismes politiques au Québec).

Comparaison entre les documents d'une même série

La comparaison entre les documents d'une même série commence par une description des différences entre chaque série au point de vue de ses documents les plus demandés et les moins demandés. Puis l'on tentera d'expliquer ces différences selon le thème propre à chacun de ces documents.

A. Description des différences

Pour décrire les différences dans la demande des documents appartenant à une même série, nous nous contenterons de mettre en évidence les thèmes des documents ayant obtenu la plus haute cote(1) dans leur série ainsi que les thèmes des documents ayant obtenu la plus basse cote dans la série.

Prenons par exemple la série "Au coeur des mots". La plus basse cote obtenue par des documents de cette série est la cote 1. La plus haute cote obtenue par d'autres documents de cette série est la cote 3. Nous mettons alors en évidence tous les titres des documents ayant eu la cote la plus basse et la cote la plus haute.

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[1] Il s'agit des cotes 1 à 5 expliquées à la page 57.

Nous avons alors la répartition suivante pour la série "Au coeur des mots" :

SERIE	THEMES DES DOCUMENTS AYANT LA PLUS BASSE COTE	THEMES DES DOCUMENTS AYANT LA PLUS HAUTE COTE
AU COEUR DES MOTS	Pincer, crampon, crampe (1) Fleur, fruit (1) Porte, branler, chambranler (1) Bouche, gueule, bouchon (1)	Sang, vampire, peau (3) Marionnette, ficelle, (3) corde

Le tableau 8 rend compte d'un tel dépouillement fait pour toutes les séries de Radio-Québec. Notons aussi que ces séries apparaissent dans ce tableau en suivant leur ordre de popularité.

TABLEAU 8

DESCRIPTION DES SERIES DE RADIO-QUEBEC PAR THEME DES DOCUMENTS AYANT OBTENU LA PLUS BASSE COTE ET LA PLUS HAUTE COTE A L'INTERIEUR DE CHAQUE SERIE.

SERIE (cote moyenne)	THEMES AYANT OBTENU LA PLUS BASSE COTE	THEMES AYANT OBTENU LA PLUS HAUTE COTE
APPROCHE (4.39)	- Communication sexuelle (3) - Sexualité et religion (3) - Thérapies sexuelles (3) - La sexualité chez les handicapés physiques (3)	- Anatomie de l'orgasme (5) - Eveil sexuel de l'adolescent (5) - Party d'adolescent (5) - Sexualité: adolescent (5) - Les délits sexuels (5) - Sexualité dans notre vie quotidienne (5) - Sexualité depuis la révolution tranquille(5) - Fantaisies sexuelles (5) - Publicité et sexualité(5) - Le démon du midi (5) - La solitude (5) - La sexualité marginale(5) - Les homosexuels (5) - Relations couple/enfant (5) - Comment on fait l'amour (5)
LES MARMITONS (3.22)	- Le porc (2) - La pomme (2) - La salade (2)	- Le lait (5) - La volaille (5)
DANS LA TETE DES HOMMES (2.93)	- La brisure (1) - La petite fille et le système scolaire (1)	- L'attente (5) - La dragueuse (5) - La transexuée (5)
UN P'TIT COUP DE COEUR (2.47)	- Le football nord-américain (1) - Curling (1) - Badminton (1) - Patinage (1)	- Equitation (4) - La marche (4) - Judo-Karaté-Aikido (4) - Le camping (4)
AMBROISE RACONTE (2.25)	- On s'é couché ben fatigué (1)	- Au mitan des eaux (4)

TABLEAU 8 (suite)

SERIE (cote moyenne)	THEMES AYANT OBTENU LA PLUS BASSE COTE	THEMES AYANT OBTENU LA PLUS HAUTE COTE
LE SENS DE LA VIE (2.22)	- Le respect de la vie (1) - La solitude (1) - La désintégration (1) - La réforme de l'éducation (1) - Les loisirs (1) - La justice (1) - Le travail (1)	- La sexualité (5) - La liberté (5)
CE COIN DE PAYS (2.09)	- Ville de Québec (1) - La Mauricie (1) - Beaupré-Charlevoix (1) - Abitibi-Témiscamingue(1) - Québec au temps des étés (1) - Le temps des Québécois (1)	- Lac St-Jean (4) - Bas St-Laurent (4) - Iles de la Madeleine (4)
POSTE FRONTIERE (1.82)	- Chili au passé futur (1) - Vietnam (1) - Engagés personnels en A.D.S. (1) - La forêt transpercée (1) - Equateur (1) - L'Institution église (1) - Palestine (1)	- Angola (4)
LES GROS SOUS (1.81)	- Formes d'organismes de consommateurs(1) - Planification économique (1) - L'ACDI (1) - Le travailleur: 3 problèmes, 3 systèmes (1) - Le travail: les p'tits sous (1) - Nationaliser l'Etat (1) - Analyse d'une grève dans le secteur public(1)	- Analyse d'une grève dans le secteur privé (4)

SERIE (cote moyenne)	THEMES AYANT OBTENU LA PLUS BASSE COTE	THEMES AYANT OBTENU LA PLUS HAUTE COTE
AU COEUR DES MOTS (1.80)	- Pincer-crampon-crampe (1) - Fleur-fruit (1) - Porte-branler-chambranler(1) - Bouche-gueule-bouchon (1)	- Sang-vampire-peau (3) - Marionnette-ficelle-corde (3)
AUTONOMIE (2.06)	- Le système de charge (1) - Dépannage (1) - Le lavage (1) - Vérifications périodiques II (1) - Pneus (1) - La lubrification (1) - L'entretien préventif (1) - La batterie d'accumulateur (1)	- Historique de l'auto (4) - Les vérifications périodiques (4)
SI ON S'Y METTAIT (1.91)	- Comités de citoyens (1) - Comptoir alimentaire Olier (1) - Rivière Davy (1) - St-Just Auclair (1) - Cinq F.M. (1)	- Coopérative Manseau (4)
RYTHMES (1.87)	- Troupe folklorique québécoise "Loup Garou" (1) - Troupe slovaque "Lipo" (1) - La Hongrie (1) - Troupe folklorique portugaise de Montréal (1) - Danses folkloriques indiennes (1)	- Québec, Place Ste-Foy (4) - Groupe folklorique ukrainien (4)

TABLEAU 8 (suite et fin)

SERIE (cote moyenne)	THEMES AYANT OBTENU LA PLUS BASSE COTE	THEMES AYANT OBTENU LA PLUS HAUTE COTE
PRETE-MOI TA PLUME (1.63)	- La filure (1) - La religion à travers la littérature québécoise (1) - L'amour (1) - La langue (1)	- La mort (5)
L'AGE DE LA PAROLE (1.46)	- Traduction (1) - Bilinguisme institutionnel (1) - Enseignement du français (1) - Les mots d'ici (1) - Langue française et Fonction publique (1) - Anglicisation de l'Outaouais (1) - Situation linguistique (1) - Minorités françaises de l'Ouest (1) - Le Québec anglophone (1)	- Odyssée de la langue (2) - Luttes linguistiques (2) - Bilinguisme au Québec (2) - Situation linguistique (2) - Bilinguisme au Canada (2) - Psychologie du bilinguisme (2)
LA VIE QU'ON MENE A L'ASSEMBLEE NATIONALE (1.20)	- Le député et le parlement (1) - La modification du régime parlementaire(1) - Le choix des candidats(1) - Les classes sociales des partis politiques (1) - Les Chambres au parlement (1) - Député: âge, instruction (1) - Député et ses concitoyens(1) - Le système électoral (1) - La session parlementaire(1)	- Loi spéciale CTCUM (2) - Le député: représentant (2) - La marche vers un parlement souverain (2)

B. Explication des différences

En considérant "a posteriori" les thèmes plus demandés et moins demandés à l'intérieur de chaque série, nous avons essayé de faire ressortir les dimensions principales expliquant les différences dans la popularité des thèmes. Nous en sommes venus à suggérer les trois dimensions suivantes: la proximité, l'utilité et la généralité. L'usage de ces trois dimensions nous amènera à constater que plus le thème d'un document est doté simultanément de proximité, d'utilité et de généralité, plus le document est demandé. Mais d'abord qu'entendons-nous par proximité, utilité et généralité?

> La "proximité" réfère à la distance entre l'individu et l'objet concret ou abstrait illustré par un thème. Par exemple, dans la série "Prête-moi ta plume" un thème comme "la mort" a plus de proximité que le thème "la religion à travers la littérature québécoise".
>
> "L'utilité" réfère à l'usage pratique qu'un individu pourra faire de l'information sous-tendue par un thème. Par exemple, dans la série "Au coeur des mots", l'information sous-tendue par le thème "marionnette, ficelle et corde" réfère plus à un usage pratique qu'on pourra faire de l'information (construire une marionnette) comparativement à l'information sous-tendue par le thème "porte, branler, chambranler".
>
> La "généralité" réfère à la quantité de personnes ou situations concernées par un même thème. Par exemple, dans la série "Autonomie" portant sur l'automobile, le thème "les vérifications périodiques" a plus de généralité que le thème "le système de charge".

Avec ces trois concepts le lecteur intéressé peut reprendre la lecture du tableau 8 en centrant son attention sur chacune des séries et en essayant cette fois de retrouver comment les dimensions "proximité-utilité-généralité" d'un thème se combinent pour donner plus de popularité à certains documents plutôt qu'à d'autres à l'intérieur d'une même série.

Voici quant à nous la lecture que nous risquons de faire de ce tableau lorsque nous considérons isolément chacune des séries. Disons dès le départ que nous n'avons rien dit à propos de quatre séries car il nous était encore plus difficile d'y avancer une interprétation un tant soit peu recevable: il s'agit des séries Les Marmitons, Ambroise raconte, Si on s'y mettait et Rythmes.

Approche

Les thèmes plus populaires bénéficient simultanément de plus de proximité, utilité et généralité comparativement aux thèmes moins populaires. Des thèmes comme "l'Anatomie de l'orgasme", "l'Eveil sexuel de l'adolescent" et "Party d'adolescent" sont très près des préoccupations des adultes et des jeunes. Ils désignent aussi une information utile pour l'intéressé lui-même ou pour une activité d'éducation.

Par ailleurs les thèmes moins demandés ne bénéficient pas aussi simultanément des trois mêmes qualités. Ainsi le thème "Communication sexuelle", "Sexualité et religion" font appel à plus d'abstraction et bénéficient d'un peu moins de proximité. Le thème des "Thérapies sexuelles" bénéficient peut-être d'une connotation d'utilité. Par contre il bénéficie moins de proximité étant donné qu'il

consiste surtout en une présentation de théories sur les thérapies sexuelles. Enfin le thème de "Sexualité chez les handicapés physiques" ne bénéficie de proximité et d'utilité que pour une partie des gens.

Dans la tête des hommes

Les trois documents les plus demandés de cette série, "L'Attente (ou l'accouchement naturel)", "La Dragueuse", "La Transexuée" bénéficient tous de proximité et d'utilité étant donné leur référence à la sexualité ou à des questions connexes (ex. l'accouchement).

Les 2 documents les moins demandés bénéficient de moins de proximité et d'utilité: "La petite fille et le système scolaire" est un thème plus abstrait évoquant un système global. Quant à "La brisure", thème traitant des séparations...il faudrait probablement en regarder de plus près son contenu pour avancer une explication.

Un p'tit coup de coeur

Comparativement aux thèmes moins demandés (Football américain, curling, badminton, patinage), les thèmes plus demandés dénotent plus de proximité et d'utilité pour plus de gens (la marche, le camping). Le thème "Judo-Karaté-Aikido" jouit d'utilité pour plusieurs personnes en même temps qu'il correspond à une vague bien alimentée par le cinéma commercial. Le thème "équitation" peut jouir d'une certaine proximité à cause de l'existence de clubs d'équitation sur la Rive Sud, et aussi à cause de l'intérêt général pour les animaux témoigné à maintes reprises par les abonnés.

Le sens de la vie

Dans cette série, c'est le document "sexualité" qui a été le plus demandé avec le document "liberté". Nous reconnaissons que le thème sur la sexualité bénéficie simultanément de plus de proximité, utilité et généralité que les autres thèmes de la série. Et nous amenons avec un peu plus de réserve que "la liberté" est un thème bénéficiaire de plus de proximité et de généralité que les autres thèmes moins demandés.

Ce coin de pays

Les émissions les plus demandés dans cette série portent sur "Le lac St-Jean", "Bas St-Laurent" et "Les Iles de la Madeleine" alors que les six moins demandées portent sur Québec sauf deux qui parlent de la Mauricie et de l'Abitibi.

Si nous nous rapportons à quelques observations faites à Télécâble Vidéotron, les émissions plus demandées jouissent de plus de proximité car elles décrivent des régions d'origine de plusieurs abonnés.

Autonomie

Les deux documents les plus demandés sur l'automobile nous semblent jouir de plus de généralité: "l'historique de l'auto" et "les vérifications périodiques".

Avec le caractère de généralité, le thème "vérifications périodiques" contient en même temps une connotation d'utilité. La majorité des autres documents moins demandés traite de thèmes beaucoup plus spécifiques: par exemple, la batterie, les pneus. (Le lecteur aura aussi remarqué dans le tableau 8 qu'il y a un document moins demandé intitulé lui aussi: "Les vérifications périodiques". Il s'agit tout simplement d'une deuxième copie de la première).

Poste Frontière

Le document le plus demandé porte sur "l'Angola" et ce thème a pu jouir de plus de proximité que les autres: en effet l'époque où la demande a été la plus forte correspond à la période où cette question était d'activité.

Les gros sous

Le document le plus demandé est: L'analyse d'une grève dans le secteur privé. Ce document bénéficie de plus de proximité et d'utilité que les documents moins demandés qui s'arrêtent à des questions plus abstraites de systèmes et de lois économiques. Quant à "L'analyse d'une grève dans le secteur public", il a pu être moins demandé car une plus grande partie de cette clientèle travaille plutôt dans le secteur privé.

Au coeur des mots

Les thèmes plus demandés profitent de plus de proximité ("sang, vampire, peau") ou d'utilité ("marionnette, ficelle, corde") que les thèmes moins demandés ("pincer, crampon, crampe"), ("porte, branler, chambranler").

Prête-moi ta plume

Le thème de la "mort" est le plus demandé et contient plus de proximité et de généralité comparativement à des thèmes plus abstraits comme "la langue et la religion à travers la littérature québécoise".

L'âge de la parole

Même s'il y a très peu de différence dans la fréquence de demandes des documents plus demandés et moins demandés, il nous semble que les documents plus demandés jouissent plus des caractères de proximité et de généralité. Ces documents réfèrent plus directement à la question du bilinguisme et des luttes linguistiques.

La vie qu'on mène à l'Assemblée nationale

Les interprétations que nous avons avancées sont que "Loi spéciale CTCUM" a été plus demandé grâce à son caractère de proximité étant donné l'actualité des différentes grèves et problèmes de transport sur la rive-sud. Le document "La marche vers un parlement souverain" serait lui aussi porteur de proximité à cause de l'actualité de cette question.

Remarque complémentaire: En portant attention aux thèmes les plus demandés et les moins demandés dans chaque série, nous pouvons faire une constatation limitée bien sûr mais presqu'impossible à faire avec nos cotes d'écoute classiques.

On doit reconnaître que des documents de séries moins populaires ont souvent suscité des demandes plus nombreuses que d'autres documents de séries pourtant plus populaires. Le tableau 8, à lui seul, en donnait une foule d'exemples.

CONCLUSION

A ce stade-ci, nous constatons que les documents de Radio-Québec sont moins demandés que ceux de l'O.N.F. et de Faroun Film. L'explication la plus immédiate serait que les documents de Radio-Québec tiennent surtout de la formule "exposé ou entrevue" qui semble moins populaire auprès des abonnés de Télécâble Vidéotron qui préfèrent les documentaires et les films. Les documents de Radio-Québec qui ont pu obtenir une popularité comparable à celle des documentaires ou des films sont surtout ceux qui portent sur la sexualité ou d'autres préoccupations très pratiques.

Quant aux différences de popularité entre les séries de Radio-Québec. elles semblent dépendre surtout du thème des séries que de leurs formules. En effet, les différences de popularité des séries vont de pair avec des différences de thèmes allant de l'immédiat concret et individuel au plus éloigné, abstrait et collectif. Rappelons même que les séries plus populaires dans le système de télévision sur demande que sur les ondes de Radio-Québec sont celles qui portent sur des habiletés pratiques: Autonomie (entretien de l'automobile), les Marmitons (art culinaire) et Un p'tit coup de coeur (activité physique). En contrepartie, les séries moins populaires dans ce système que sur les ondes de Radio-Québec sont celles qui portent sur des préoccupations politiques et collectives: Si on s'y mettait (initiatives communautaires), La vie qu'on mène à l'Assemblée nationale (système politique au Québec), Poste frontière (vie politique et sociale à l'étranger).

Enfin les différences de popularité des thèmes à l'intérieur d'une même série, semblent dépendre de trois caractéristiques qui ont été isolées et définies: la proximité, l'utilité et la généralité. Il est apparu que les thèmes les plus demandés à l'intérieur d'une série sont ceux qui sont les plus dotés de ces trois qualités. Dans un certain sens, nous pourrions dire que "ce qui est vrai pour expliquer les différences de popularité entre les séries de Radio-Québec est aussi vrai pour expliquer les différences de popularité entre les documents d'une même série".

En principe toutes les comparaisons qui ont été faites auraient pu être plus raffinées et poussées. Mais nous avons dû nous arrêter à ce stade pour au moins deux raisons. La première raison est que le temps ne nous a pas permis de faire une analyse plus détaillée des contenus. La deuxième raison est que nous ne pouvons pas affirmer que toutes les séries de Radio-Québec ont été également avantagées au point de vue du nombre et du choix de documents mis en vidéothèque et au point de vue de la publicisation de ces mêmes documents. Faut-il souligner que les activités courantes d'une entreprise de câblodistribution n'ont rien à voir avec les activités contrôlantes d'un laboratoire universitaire aseptisé?

Cependant sans trop pousser les comparaisons, nous avons quand même risqué un certain traitement des données; notre but immédiat étant de tirer une information plus qualitative à partir des données disponibles sur les documents de Radio-Québec.

C H A P I T R E I V

QUELQUES DONNEES A PROPOS DES USAGERS

Ce chapitre rassemble quelques données sur les usagers du système de télévision sur demande de Télécâble Vidéotron.

Il faut bien rappeler que, dans le cadre de ce projet "Radio-Québec et Télécâble Vidéotron", l'étude a dû se centrer principalement sur l'aspect "fréquence de mise en ondes" des documents. Un projet qui aurait porté directement sur les caractéristiques des usagers aurait procédé de façon beaucoup plus élaborée pour aller cueillir des données du genre de celles qui suivent.

Soulignons donc que les données présentées ici ne prétendent pas peindre le portrait complet des usagers. Ces données ont plutôt été recueillies pour esquisser un portrait des usagers afin d'alimenter les interprétations et suggestions qui feront l'objet du chapitre final.

Les données ont été puisées à différentes sources décrites dans une première partie. La deuxième partie classera et analysera ces données par rapport aux activités de base de l'usager décrites dans le modèle.

DESCRIPTION DES SOURCES DES DONNEES

Les données ont été puisées à trois sources principales:

- Une étude de marketing faite au début juillet 1976 par Télécâble Vidéotron avant le début du présent projet.
- Un sondage éclair fait dans les derniers jours du projet en décembre 1976.
- Diverses anecdotes et observations ayant marqué l'histoire de la télévision sur demande à Télécâble Vidéotron.

Voici quelques détails généraux sur chacune de ces sources de données:

L'étude de marketing

Au début de juillet 1976, le service de marketing de Télécâble Vidéotron (voir Hébert, 1976) a envoyé par la poste 700 questionnaires à des clients choisis au hasard dans la liste des abonnés de Longueuil et St-Hubert. Parmi tous ces clients préalablement prévenus par téléphone, 217 ont rempli et retourné ce questionnaire comportant 64 questions.

Pour remplir le questionnaire, les répondants pouvaient bénéficier du support d'un instructeur en regardant l'une ou l'autre des trois sessions télévisées prévues à cet effet. La session télévisée était conduite par un instructeur-chercheur accompagné d'un représentant de Télécâble-Vidéotron. Les répondants remplissaient le questionnaire en suivant la session télévisée "question par question". Ils avaient ensuite la possibilité de téléphoner en studio pour demander des explications relatives à des difficultés rencontrées en remplissant ce questionnaire.

Pour nos préoccupations présentes nous ne retiendrons de ce questionnaire que les informations ayant trait à la télévision sur demande qui n'est qu'une partie des services offerts par Télécâble Vidéotron.

Le sondage-éclair

Le sondage-éclair est un petit sondage que nous avons effectué vers les derniers temps du séjour à Télécâble Vidéotron, c'est-à-dire vers la mi-décembre 76.

Pendant certaines périodes de la journée, les deux stagiaires ont participé à la réception des appels téléphoniques des clients qui appelaient pour demander le visionnement d'un document. Elles leur ont posé quelques questions. Des employés de Télécâble Vidéotron ont aussi participé à cette cueillette.[1] Ces sessions de réception téléphonique se sont étendues du jeudi 9 décembre au lundi 13 décembre selon cet horaire qui leur a été possible:

Le jour	Jeudi Vendredi Lundi	de 10h00 à 11h30 et de 14h00 à 16h00
La nuit	nuit du vendredi au samedi nuit du samedi au dimanche	de 00h00 à 6h00

Au cours de ces sessions, 68 appelants ont pu être interviewés. Sur ce nombre, il n'y a eu que trois refus de répondre pour manque de temps.

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1 Nous remercions à cet effet Robert Pazzy et Patrick Marais.

Anecdotes et observations

Au cours de notre séjour à Télécâble Vidéotron, nous avons relevé différentes anecdotes et observations apportant d'autres indications plus qualitatives sur les usagers. Ces anecdotes permettront au lecteur de prendre plus connaissance de certains éléments du vécu entourant l'existence d'un tel système de télévision sur demande.

CLASSEMENT ET ANALYSE DES DONNEES

Nous classerons les données puisées à ces diverses sources et nous essaierons en même temps de les analyser pour esquisser le portrait des usagers. Ces données seront classées et analysées en distinguant quatre composantes référant aux quatre activités de base d'un usager telles qu'illustrées dans le modèle à savoir:

- la consultation de l'information
- la demande
- le visionnement
- le déboursé

A la fin nous rendrons aussi compte de l'usage de la télévision sur demande fait par quelques usagers institutionnels.

La consultation de l'information

Les données sur la consultation de l'information permettent d'estimer dans quelle mesure les différents moyens de publicisation des documents sont utilisés par les abonnés.

Lors de l'étude de Marketing, 47% des répondants ont dit utiliser le catalogue alors que 13% ont dit utiliser le canal vidéothèque.

Par ailleurs, dans le sondage-éclair une question était: "Comment avez-vous connu l'existence du document que vous avez demandé? 50% ont dit l'avoir connu par le catalogue comparativement à 2% qui ont dit avoir utilisé le canal vidéothèque. D'autres (18%) ont dit l'avoir connu en le voyant passer en ondes alors que 16% ont dit l'avoir connu par des amis. Il faut souligner que la période du sondage-

éclair a pris place 2 semaines après la parution du nouveau catalogue: ce qui pourrait expliquer ce recours plus bas au canal vidéothèque (2% comparativement à 13% lors de l'étude de Marketing).

L'élément le plus constant de ces deux sources de données semble être que le catalogue pourrait être utilisé par environ 50% des usagers du système. Cet usage du catalogue serait peut-être plus élevé s'il paraissait ou était remis à jour une fois par mois au lieu d'une fois par saison. C'est du moins ce qui correspondrait aux suggestions de certains abonnés.

Un autre facteur pouvant éventuellement favoriser l'usage du catalogue et du canal vidéothèque pourrait être le recours à un catalogue thématique. L'anecdote 1 en fournit un exemple.

<u>Anecdote 1</u> : Télé-Ressources et les problèmes de catalogue

"Télé-Ressources" une série de Radio-Québec n'a pu être facilement exploitée à défaut d'un catalogue thématique. En effet chaque émission de la série traite toujours de 3 ou 4 thèmes bien diversifiés qui pourraient souvent satisfaire les demandes du genre: "Avez-vous quelque chose sur..."

La demande

A propos de l'activité de demande, les données apportent des éléments de réponse aux quatre questions: Combien souvent on demande? Qui demande? On demande quoi? On demande comment?

A. Combien souvent on demande?

Avec une seule ligne téléphonique disponible, les appels à la vidéothèque se présentent les uns après les autres en étant espacés d'au plus 5 à 10 secondes. Il en est ainsi de 8 heures le matin à minuit. Et de minuit à huit heures, un appel arrive environ à toutes les cinq minutes. Nous avons par ailleurs tenté de voir si ces appels sont toujours faits par les mêmes abonnés.

Avec les données de l'étude de Marketing, nous pouvons avoir un estimé de la proportion des abonnés qui utilisaient à cette période le système de télévision sur demande. Voici les réponses à la question: "Est-ce qu'un ou des membres de votre foyer demandent des émissions"?:

- plus d'une fois par semaine	9%
- au moins une fois par semaine	12%
- au moins une fois par deux semaines	9%
- au moins une fois par mois	14%
- moins d'une fois par mois ou jamais	51%
- Sans réponse	5%

L'élément le plus frappant y est qu'environ 50% des foyers abonnés ne demandent jamais ou pratiquement jamais d'émissions.

De son côté le sondage-éclair portait, à cause même de sa méthodologie, sur des usagers réels du système (l'autre 50% quoi!) Le tableau 9 donne un aperçu de la fréquence de cette demande.

TABLEAU 9

FREQUENCE DE DEMANDES
(sondage-éclair)

Fréquence de demande/semaine	Nombre d'usagers	%
15 fois et plus	12	.18%
7 à 14 fois	14	.22%
1 à 6 fois	30	.46%
1 fois de temps à autre	6	.09%
Sans réponse	3	.05%
Total	65	

De façon générale, une tendance réside dans une fréquence de 1 à 6 appels par semaine pour 46% des usagers réels. Une autre tendance caractérise les 40% d'usagers réels (.22 + .18) qui appellent respectivement de 7 à 14 fois par semaine et 15 fois et plus par semaine. Soulignons surtout au total que dans un tel système, la quantité d'usagers réels peut possiblement descendre à 50% dans une période donnée. Et la fréquence d'appels par usager réel peut être de 1 à 6 fois par semaine ou de 7 à 14 fois ou même de 15 fois par semaine et plus.

B. Qui demande

Pour caractériser celui qui demande, nous avons quelques indications sur l'âge, le sexe et l'occupation. Nous avons aussi tenté de savoir si ce sont des gros consommateurs de télévision et s'ils sont des auditeurs de Radio-Québec.

1. L'âge

L'étude de Marketing avait apporté certaines indications sur les caractéristiques de ceux qui utilisent le système. Une question a tenté d'estimer si ce sont surtout les adultes ou les enfants qui sont les usagers. La question était: "Chez vous qui appelle pour demander une émission". Les réponses ont été:

surtout un adulte	35%
surtout un enfant	18%
les deux également	13%

Mais il arrive qu'un enfant appelle "pour ses parents" ou que des parents appellent pour leurs enfants. Il est apparu que 17% des adultes commandent des émissions pour leurs enfants au moins une fois par mois comparativement à 12% qui font faire leur demande par leurs enfants au moins une fois par mois.

Par ailleurs nous avons, lors du sondage-éclair, noté l'âge des 65 clients qui ont téléphoné pour demander un document. Le tableau 10 en liste les âges.

TABLEAU 10

AGE DES 65 USAGERS INTERVIEWES LORS DU SONDAGE-ECLAIR

AGE	NOMBRE	%
60 ans et +	2	3.0%
40-59 ans	6	9.2%
26-39 ans	19	29.2%
18-25 ans	7	10.7%
12-17 ans	24	36.9%
12 ans et -	6	9.2%
Sans réponse	1	1.5%
Total:	65	

Il semble que les usagers se concentrent surtout dans les catégories 12-17 ans et la catégorie 26-39 ans. Et on note une très faible proportion chez les 60 ans et plus.

Avec ces données et à l'aide de quelques anecdotes, essayons de caractériser davantage les usagers selon leur âge.

a) Les enfants

Lors de ce sondage la fréquence des appels des enfants est apparue beaucoup plus basse. 9% comparativement à 18% dans les chiffres de l'étude de Marketing. Aux heures de sondage ce groupe d'âge était un peu moins favorisé car les enfants étaient en principe à l'école vers les heures de sondage le jour et ils étaient en principe couchés lors des heures de sondage de nuit. Le 9% nous apparaît donc très conservateur pour estimer la quantité d'usage du système fait par les enfants. Ceci est d'autant plus conservateur que des politiques spéciales sont prises pour limiter le nombre d'appels des enfants. C'est entre autre chose ce qu'illustre l'anecdote 2 faisant état de la "sur-demande" des émissions pour enfants, plus particulièrement la série "Les Oraliens". Nous avons, à ce propos, laissé la parole à deux employés de Télécâble Vidéotron[1] qui brossent un historique de la demande de la série "Les Oraliens".

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1 Nous remercions Jacques Bourgeois et Patrick Marais pour leur disponibilité au cours de ce projet.

Anecdote 2: Historique des Oraliens

Note: Cet historique étant rédigé de mémoire, il n'est qu'une approximation pouvant donner seulement un aperçu de ce qu'ont été "Les Oraliens" à Télécâble Vidéotron.

...Nous avons commencé à enregistrer les émissions "Les Oraliens" vers le début de la deuxième partie de la saison 75-76, soit vers février 1976. Ces émissions sont rapidement devenues très populaires. Les remarques que nous faisaient les enfants laissent croire que c'était surtout dû au fait que c'étaient (à quelques exceptions près) les seules émissions que nous avions et où les enfants pouvaient trouver des personnages parlants. Leur popularité devint si grande que nous avons même dû les retirer de la demande pour les programmer nous-mêmes à heure fixe, avec une fréquence de trois passes par jour, une fois l'avant-midi, une l'après-midi et une autre le soir. A cette époque, nous ne conservions les émissions que deux ou trois semaines, afin d'éviter une trop grande répétition. Etant donné que nous enregistrions de nouvelles émissions chaque jour, il nous était ainsi très aisé de renouveller notre stock de façon à pouvoir varier la programmation des émissions.

Ce fait a cependant causé un problème après juin, lorsque la diffusion régulière pour les écoles s'est terminée. N'ayant qu'une dizaine d'émissions en vidéothèque et ne pouvant renouveller notre choix (les anciennes cassettes ayant été démagnétisées) travaillant à trois passes par jour, nous emmenions une répétition des mêmes épisodes à laquelle les enfants n'étaient pas habitués et pour laquelle nous avons reçu pas mal de plaintes provenant de petites voix enfantines.

Dans les environs du mois de juillet, alors qu'on commençait à travailler au nouveau catalogue, toutes les émissions restantes ont dû être retirées, ce qui a naturellement (on s'y attendait) attiré énormément de critiques, non pas de la part des parents, mais des enfants eux-mêmes. Certains parents nous ont

même fait savoir qu'ils en étaient heureux. Non pas qu'ils contestaient la valeur des émissions pour leurs enfants, mais plutôt parce qu'ils étaient conscients que de cette façon leurs jeunes pourraient voir autre chose.

Au début de la nouvelle saison, en septembre, nous avons recommencé à enregistrer les émissions, mais afin d'éviter les problèmes que nous avions eu au début de l'été et d'éviter les répétitions, les épisodes sont conservés indéfiniment et on ne les retire plus à toutes les deux semaines comme c'était le cas l'année dernière.

Après trois jours de la nouvelle programmation, nous avons à nouveau dû retirer les Oraliens de la demande et les programmer à heure fixe, mais cette fois-ci sept fois par jour plutôt que trois. La demande se faisant vraiment très forte, nous avons pris la décision d'y aller plus souvent. L'horaire qui prévaut actuellement et qui est le même depuis septembre est inclus ailleurs dans ce rapport.[1] La nuit, les Oraliens sont à la demande.[2]

Une autre nouveauté qui s'est introduite au cours du mois d'octobre par rapport à l'année dernière est le fait que nous enregistrons maintenant les Oraliens conjointement avec "Les 100 tours de Centour" puisque la programmation que nous avons établie prévoit toujours que les deux émissions doivent passer en même temps. Ce facteur doit être pris en considération lorsqu'on analyse les statistiques, puisqu'un Oralien passera automatiquement quand il y a (la nuit) une demande pour un Centour.

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1 N.D.L.R. Voir à la fin de cette citation

2 N.D.L.R. Voir anecdote 11, page 120.

Ces deux émissions n'ont par ailleurs pas été incluses dans le plus récent catalogue pour auto-programmation, afin d'éviter que les enfants ne les demandent même s'ils sont programmés à heure fixe. Les enfants appellent de toute façon, mais nous pouvons probablement ainsi diminuer une partie des appels. Il y a cependant une note dans le catalogue indiquant qu'ils sont programmés, et disant que l'horaire de leur diffusion est indiquée sur le canal 5, canal qui divulgue des informations concernant la programmation de nos différents canaux à demande et du canal communautaire. Elles ne sont pas indiquées non plus sur le canal vidéothèque qui liste les documents en vidéothèque.

Depuis deux semaines, nous diffusons à chaque fois que passent les émissions une petite capsule (il y en a en fait actuellement deux, et d'autres sont en préparation) où différents personnages (tante Edna qui travaille à la vidéothèque, la marionnette Cuistot qui est un chef cuisinier, Jacquot) font savoir aux enfants qu'il est inutile d'appeler à la vidéothèque pour demander certaines émissions, qu'ils n'ont qu'à regarder le canal 5 pour savoir quand elles passent, et s'ils ne savent pas lire, ils n'ont qu'à demander à un grand frère ou une grande soeur de le faire pour eux.

La situation actuelle est satisfaisante pour le moment, et il n'y a pas d'indications pouvant faire penser que les procédures utilisées présentement soient changées dans les quelques mois qui viennent".

Cet historique fait allusion à l'horaire de diffusion maintenant utilisé pour "Les Oraliens" et "Les 100 tours de Centour" (une autre série qui vise à l'apprentissage de la langue). L'horaire incorpore en plus la diffusion d'émission de la série "Le petit prince orphelin" aussi très en demande.

Voici cet horaire:

HORAIRE DE DIFFUSION DES EMISSIONS

"LES ORALIENS, LES 100 TOURS DE CENTOUR ET
LE PETIT PRINCE ORPHELIN"

BLOC I	9h30	Le petit prince orphelin
	10h00	Les Oraliens
	10h15	Les 100 tours de Centour
BLOC II	12h00	Les Oraliens
	12h15	Les 100 tours de Centour
	12h30	Les Oraliens
	12h45	Les 100 tours de Centour
BLOC III	14h30	Les Oraliens
	14h45	Les 100 tours de Centour
BLOC IV	16h30	Le petit prince orphelin
	17h00	Les Oraliens
	17h15	Les 100 tours de Centour
BLOC V	20h30	Les Oraliens
	20h45	Les 100 tours de Centour
	21h00	Le petit prince orphelin
	21h30	Les Oraliens
	21h45	Les 100 tours de Centour

LA NUIT, DE 1h00 à 7h00 , CES EMISSIONS SONT DIFFUSEES A LA DEMANDE. (Voir Anecdote 11, page 120).

De plus, il ne faut pas oublier que "Les Oraliens" sont aussi diffusés sur la chaîne de Radio-Canada l'avant-midi et sur la chaîne de Radio-Québec l'après-midi.

Enfin l'anecdote 11 nous donnera plus loin un aperçu de la fréquence de la demande en dehors de ces horaires, c'est-à-dire la nuit.

Avec cette anecdote sur "Les Oraliens", on peut concevoir que les enfants compteraient en réalité pour beaucoup plus que 9% des usagers réels du système.

b) Les adolescents

Le sondage-éclair indique que la plus forte proportion des usagers se situe dans les 12-17 ans. Ces données coincident avec le fait qu'il y a plus d'étudiants parmi ces mêmes usagers.

Ceci peut s'expliquer par la nature des contenus éducatifs de plusieurs documents en vidéothèque.

L'anecdote 3 peut nous mettre toutefois en garde en indiquant que les intérêts des adolescents ne coincident pas automatiquement avec des intérêts d'étudiants désireux d'informations particulières.

<u>Anecdote 3</u>: Popularité de certaines séries auprès des adolescents.

Les séries "Minouche, "Paul et Virginie" et "Jacquot le Croquant" sont trois séries demandées surtout par des adolescents. Les deux premières étant même surtout demandées par des adolescentes.

Ces trois séries ont une formule "feuilleton" et portent sur diverses aventures vécues par des jeunes.

c) Les adultes

Si nous retournons aux données du sondage-éclair (voir tableau 10, page 98) l'usage du système par les adultes semble se concentrer surtout chez les 26-39 ans. La plus forte concentration à cet âge semble plausible parce qu'on a noté à Télécâble Vidéotron de fréquentes pressions de type assez spéciales faites souvent par des parents comme le rapporte l'anecdote 4.

> Anecdote 4: Usage du système par une catégorie d'adultes (les parents).
>
> De nombreuses pressions et demandes sont régulièrement faites par les parents pour que Télécâble Vidéotron se dote de nouveaux documents du genre "Accouchement naturel"[1] "Conférence sur les délinquants",[2] documents de la série APPROCHE.[3] Bref, tout ce qui a trait aux données pratiques sur l'éducation, la psychologie et la santé.
>
> Plusieurs d'entre eux utilisent souvent ces documents comme moyen d'intervention et/ou occasion de discussion avec leurs enfants.

d) Le troisième âge

La fréquence d'usage semble plus basse chez les gens du troisième âge. Il y a possiblement moins de personnes du 3e âge dans la population. Mais on a maintes fois noté des commentaires venant de personnes du 3e âge expliquant une plus faible demande de leur part. Plusieurs disent en effet qu'elles n'ont pas la ténacité des enfants pour appeler ou rappeler, pour finir par obtenir le document qu'elles veulent.

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1 Voir anecdote 6 page 115
2 Voir anecdote 7 page 116
3 Voir anecdote 10 page 118

2. Le sexe

Le sondage-éclair avait dénombré parmi les "demandeurs" 37 hommes (57%) et 28 femmes (43%). Ainsi il y a possiblement une tendance à y avoir plus d'hommes que de femmes parmi les usagers. Même si ces données sont partielles, elles convergent du moins avec les observations faites quotidiennement à Télécâble Vidéotron.

3. L'occupation

Lors du sondage-éclair, l'occupation des répondants n'a été distribuée que sous trois catégories majeures comme l'illustre le tableau 11.

TABLEAU 11

OCCUPATION DES 65 USAGERS INTERVIEWES LORS DU SONDAGE-ECLAIR

OCCUPATION	NOMBRE D'USAGERS	%
Ménagère	17	26%
Etudiant	30	46%
Travailleur	15	23%
Autre	3	4%
total:	65	

Même si les heures de sondage ont surtout favorisé les ménagères, ce sont quand même des étudiants qui se sont révélés les clients les plus importants. Le nombre de travailleurs approche même le nombre de ménagères.

4. Sont-ils des gros consommateurs de télévision?

Se référant aux données du sondage-éclair, le tableau 12 liste les réponses obtenues simultanément à la question "En moyenne, combien de fois demandez-vous des documents dans une semaine?" et à la question "Combien d'heures par semaine écoutez-vous la télévision?"

TABLEAU 12

DISTRIBUTION DES REPONDANTS SELON LEUR FREQUENCE DE DEMANDE ET LEUR QUANTITE D'ECOUTE DE LA TELEVISION.

Fréquence demande/sem.	Nombre d'heures d'écoute					
	(Sans réponse)	Moins de 10 hres	10 à 28 hres	29 à 49 hres	50 hrs et +	Total
15 fois et +			2	4	6	12
7 à 14 fois			4	5	5	14
1 à 6 fois		2	13	8	7	30
1 fois de temps à autre		1	2	1	2	6
Sans réponse	3					3
Total:		3	21	18	20	65

Nous remarquons d'abord qu'il y a tendance à y avoir peu de petits consommateurs et beaucoup de gros consommateurs si nous prenons comme point de démarcation une consommation moyenne de 28 heures par semaine.[1] Il y a en effet 24 personnes consommant moins de 28 heures de télévision par semaine comparativement à 38 qui consomment plus de 28 heures.

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[1] Ce qui correspond à l'écoute hebdomadaire moyenne des adultes Québec: voir Television Basics 1975/1976.

Ce contraste s'accentue si nous considérons les cas extrêmes également distants de cette moyenne de 28 heures. En effet il n'y a que 3 personnes consommant moins de 10 heures de télévision par semaine comparativement à 20 personnes qui en consomment plus de 50 heures.

Il nous semble donc que les usagers du système ont tendance à être des gros consommateurs de télévision.

Avec ce tableau, nous avons aussi voulu voir s'il y a un lien entre la fréquence de demande et la quantité d'écoute de la télévision. A prime abord, cette préoccupation peut sembler ridicule puisqu'il irait de soi que plus un abonné fait des demandes, plus il écoute la télévision. Mais ce n'est pas nécessairement le cas. Considérons par exemple un usager qui, dans une semaine, demanderait 15 documents (d'une durée moyenne de 30 minutes). Il pourrait très bien ne regarder la télévision que pendant 450 minutes (soit 7 1/2 heures dans une semaine). Mais même avec cette façon de voir les choses, nous osons moins avec ce tableau désigner une certaine tendance à l'effet que les plus gros consommateurs seraient les plus gros demandeurs. Nous nous en tiendrons à souligner que globalement les usagers du système sont des gros consommateurs de télévision.

L'étude de Marketing avait elle aussi tenté d'évaluer la quantité de consommation de télévision faite par l'ensemble des abonnés (voir tableau 13).

TABLEAU 13

NOMBRE D'HEURES D'ECOUTE PAR SEMAINE POUR L'ENSEMBLE DES REPONDANTS (USAGERS ET NON USAGERS DU SYSTEME) SELON L'ETUDE DE MARKETING.

FREQUENCE D'ECOUTE	NOMBRE DE REPONDANTS	%
21 hres et plus	80	37%
11 à 20 hres	56	26%
6 à 10 hres	61	28%
5 hres et moins	11	5%
(Sans réponse)	9	4%
Total:	217	

Cette quantité de consommation chez l'ensemble des répondants semble plus basse que celle qui a été observée dans le sondage-éclair qui ne considérait que les usagers réels du système. Ceci renforcit notre impression à savoir que les usagers de la télévision sur demande seraient des plus gros consommateurs de télévision que les non-usagers.

5. Sont-ils des amateurs de Radio-Québec?

Compte tenu des préoccupations de Radio-Québec dans un tel contexte, le sondage-éclair a tenté de savoir si les usagers de la télévision sur demande se recrutaient surtout parmi la clientèle de Radio-Québec.

Avec le tableau 14, nous avons considéré simultanément les réponses aux deux questions suivantes: "Combien d'heures par semaine écoutez-vous Radio-Québec sur le canal 8?"[1] et "En moyenne, combien de fois demandez-vous des documents dans une semaine?".

TABLEAU 14

DISTRIBUTION DES REPONDANTS SELON LEUR FREQUENCE DE DEMANDE PAR SEMAINE ET LEUR QUANTITE D'ECOUTE DE RADIO-QUEBEC SUR LE CANAL 8.

(sondage-éclair)

	QUANTITE D'ECOUTE DE RADIO-QUEBEC						
Fréquence de demande/sem.	Sans réponse	Ne sais pas	Jamais	1-4h	5-9h	10h et +	Total
15 fois et +		1	1	4	1	5	12
7 à 14 fois	1	2	7	1	3		14
1 à 6 fois	2		9	16	1	2	30
1 fois de temps en temps	1		3	1	1		6
Ne sais pas							
Sans réponse	1			1	1		3
Total	5	3	20	23	7	7	65

1 Les abonnés ne captent pas Radio-Québec par UHF sur le canal 17. Ils le captent plutôt par câble sur le canal 8.

De façon générale, nous pouvons extraire 37 répondants soient 57% qui écoutent Radio-Québec au moins une heure par semaine.

Pour fournir certains points de repère, rappelons qu'il y a selon le dernier sondage de Radio-Québec 22% de la population de Montréal hors l'île qui écoute régulièrement une émission de Radio-Québec. (Fagnan, 1976).

Le plus haut pourcentage ici observé peut s'expliquer par le simple fait que tous ces usagers sont câblés: ils peuvent donc capter et connaître Radio-Québec sans faire face aux problèmes de synthonisation sur UHF. Ils peuvent plus connaître Radio-Québec puisque la moitié de la vidéothèque est composée de documents de Radio-Québec.

Mais une remarque importante à notre sens est que, malgré toutes ces conditions idéales, il reste 20 répondants c'est-à-dire 30% de ces usagers qui sont des irréductibles qui n'écoutent jamais Radio-Québec en direct.

C. <u>On demande quoi?</u>

Tout le chapitre III constituait la réponse importante à cette question puisqu'il portait essentiellement sur la fréquence de mise en ondes d'une bonne quantité de documents.

L'élément nouveau apporté ici a trait aux suggestions d'acquisitions énoncées par les abonnés. Ces suggestions indiquent le genre de contenu qui attirerait peut-être les autres 50% d'abonnés qui ne sont pas des usagers réels du système.

Voici un aperçu des suggestions faites relativement à la télévision sur demande telles que compilées dans le rapport d'étude de Marketing:

> "La grande majorité des abonnés soulignent le phénomène de la répétition et on y perçoit un niveau très important de frustration.
>
> En plus de la répétition, les commentaires écrits les plus importants sont les suivants:
>
> 1. Les films: Un canal pour les films est la suggestion qui revient le plus fréquemment. On ne s'étonne donc pas de voir qu'il s'agit là du premier intérêt de la télévision américaine chez les déjà abonnés.
>
> 2. La santé: La médecine, les drogues, les maladies vénériennes, l'avortement sont des thèmes qui reviennent de façon très régulière. On y décèle une préoccupation majeure.
>
> 3. L'enseignement vidéo: C'est une autre préoccupation régulière. Des cours sur le bricolage, la menuiserie, l'artisanat, le macramé, l'art culinaire, la mode, la décoration et la psychologie démontrent clairement la nature des besoins importants qui animent nos abonnés. Ils viennent de découvrir que la télévision n'est pas qu'un instrument de détente. Ils y voient un outil de formation (Hébert 1976)".

Nous pouvons retrouver une polarisation dans les attentes des abonnés. L'insistance la plus forte semble aller vers la consommation de films au point d'avoir un canal réservé à cette fin. Et l'autre insistance va vers des thèmes bénéficiant des qualités de proximité (santé, psychologie) ou d'utilité (bricolage, menuiserie, artisanat etc...).

Toutes ces attentes constituent une amplification des tendances déjà observées dans le chapitre III. Nous avons par ailleurs recueilli cinq anecdotes (anecdotes 5 à 9) qui témoignent encore plus concrètement de l'intérêt des usagers pour des informations pratiques.

Anecdote 5: Un p'tit coup de coeur et Autonomie.

La série "Un p'tit coup de coeur" portant sur diverses activités physiques et la série "Autonomie" portant sur la connaissance de l'automobile sont deux séries qui semblent être appréciées surtout pour les informations pratiques qu'elles apportent.

Anecdote 6: "l'Attente" ou "l'Accouchement naturel"

"L'Attente" ou "l'Accouchement naturel" fut parmi les premiers documents acquis. Ce document s'est avéré très rapidement le plus populaire de la vidéothèque et fut l'un des premiers documents à mériter un embargo. Sa très grande popularité a obligé en effet le diffuseur à mettre un embargo, c'est-à-dire que le document a été retiré de la demande et offert de façon régulière à différentes heures et plusieurs fois par semaine pour rejoindre et satisfaire le plus de gens possible. Ces divers embargos mérités par "l'Accouchement naturel" pouvaient durer un temps limité, puis le document était offert à nouveau sur demande. Mais très rapidement le document redevenait problème et méritait à nouveau un embargo.

Les différentes catégories de gens qui demandent ce document sont très variées mais on a remarqué une tendance plus marquée chez les jeunes femmes enceintes. Il est à noter aussi que beaucoup d'enfants appelaient eux-mêmes pour demander le document tout en expliquant qu'ils voulaient savoir comment naît un bébé. Nous retrouvons aussi des parents qui demandent aussi ce document parce qu'ils veulent le faire regarder à leurs enfants pour mieux leur expliquer ce phénomène.

Anecdote 7: Une conférence de 2 heures en "noir et blanc".

Des membres de la communauté ont produit un document présentant une conférence faite par un juge (le Juge Lamarche). Cette conférence porte sur les adolescents, les délinquants et sur les façons d'agir avec eux. Ce document dure deux heures. Il est en noir et blanc et ne comporte aucune illustration visuelle.

Or ce document si "émission-chaise soit-il" a été très demandé, au point que ce document de production communautaire a été retenu comme document éducatif à la suite de pressions de la communauté.

En plus, de l'avis du responsable de l'autoprogrammation de l'époque, ce document était demandé par le même genre de clients qui demandaient le film "Le bonhomme", un film cinéma-vérité qui n'a rien d'une émission-chaise. Ce qui tend à illustrer qu'un contenu très près des gens et traité de façon pratique peut être d'un intérêt notable.

Anecdote 8: L'opération "Combattons l'inflation".

L'opération "Combattons l'inflation" réfère à certaines initiatives de production de documents dans la communauté qui ont été mis en disponibilité à la vidéothèque pour la télévision sur demande.

Le trait particulier de ces documents en faisait 5 séries de cours pratiques sur la couture, le macramé, le tricot, le tissage et la cuisine.

Ces documents-cours étaient faits par des dames de la région. Certaines de ces dames offraient ces cours en personne pour des sommes d'argent raisonnables.

Ces documents sont devenus si utilisés dans le système de télévision sur demande, qu'à l'automne dernier ces dames se sont retrouvées avec très peu d'élèves à leurs cours non télévisés. A la session d'hiver, le même phénomène s'est reproduit. Alors ces dames se sont vues dans l'obligation de demander au diffuseur de retirer ces documents. Le diffuseur a accepté et leur a suggéré de faire une demande de subvention auprès du gouvernement afin de pouvoir continuer à donner des cours télévisés tout en gagnant des sous.

Anecdote 9: Un phénomène inverse de l'anecdote 8.

Cette anecdote rapporte un phénomène complètement inverse à l'anecdote 8. Cette fois il s'agit de cours de danse qui sont, eux aussi très demandés, mais ils ont pour effet d'augmenter la clientèle de l'école de danse de la région.

Cette fois le concepteur des documents sur la danse ne fait pas de pression pour retirer les documents de la vidéothèque et il est plutôt très heureux de l'opportunité de promotion.

D. On demande comment?

Evidemment la façon dont l'usager demande un document dépend en grande partie de la façon dont il a consulté l'information. Si la majorité des usagers disent consulter le catalogue, la majorité des demandes se fera en citant le numéro du catalogue.

Lors du sondage-éclair nous avons d'ailleurs noté que lors même de leur appel, 36 des 65 clients ont fait leur demande en recourant au numéro du catalogue alors que 21 ont évoqué le thème du document demandé. Et 4 ont procédé en décrivant l'histoire que raconte le document.

Nous apportons toutefois l'anecdote 10 qui laisse pressentir l'intérêt qu'il y aurait à regarder la façon dont des documents sont demandés, ainsi que l'importance que pourrait prendre la fonction même du préposé à la réception des demandes.

<u>Anecdote 10</u>: Evolution dans la façon de demander les documents de la série "Approche".

La série "Approche" porte sur la sexualité. Tout au long de l'histoire de ces documents, l'on a noté une évolution dans la façon dont ces documents sont demandés.

Au début plusieurs adultes ne téléphonaient pas eux-mêmes mais ils faisaient demander ces documents par leurs enfants.

Progressivement plus d'adultes appelaient eux-mêmes mais on sentait une gêne dans leur façon de demander.

Par exemple, on disait: "je voudrais voir l'émission... vous savez l'émission où est-ce qu'on voit... la..." Le préposé à la réception des appels tirait le client d'embarras en complétant lui-même de telles phrases.

Enfin les demandes s'accompagnaient de commentaires sur les documents eux-mêmes et sur les façons de les utiliser en différents contextes soit avec les enfants, les parents ou les amis. Cette évolution semblait témoigner d'un réel cheminement éducatif chez une bonne partie des abonnés.

(Par ailleurs, il y a aussi toujours eu une catégorie de la clientèle demandant carrément des "émissions de cul" et qui devaient se contenter des documents "d'Approche" à défaut de documents pornographiques. Ces derniers faisaient d'ailleurs la demande d'un canal spécialement réservé à la pornographie.)

Le visionnement

Au sujet du visionnement, nous avons recueilli quelques données sur:

- les ressources pour le visionnement
- les moments de visionnement
- l'environnement social lors du visionnement
- la fréquence de visionnement

A. Ressources pour le visionnement

L'Étude de Marketing et le sondage-éclair (voir tableau 15) ont apporté des données sur le nombre d'appareils de télévision chez les abonnés.

TABLEAU 15

NOMBRE D'APPAREILS DONT DISPOSENT LES ABONNES
SELON L'ETUDE DE MARKETING (217 répondants)
ET LE SONDAGE-ECLAIR (65 répondants)

Nombre d'appareils	% DE CLIENTS Selon l'étude de Marketing		% DE CLIENTS Selon le sondage-éclair	
1	33%		29%	
2	45%	63%	49%	69%
3 et +	18%		20%	
Sans réponse	4%		2%	

Selon les 2 études, le % de foyers ayant au moins 2 appareils est très élevé: on retrouve dans chacun des cas 63% et 69% d'abonnés qui ont 2 appareils de télévision et plus. Ceci nous apparaît assez élevé en comparaison de ce qui est généralement observé[1] dans la population québécoise où 32% de la population du Québec a deux appareils de télévision et plus.

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1 Voir Television Basics 1975/1976.

B. Moments de visionnement

L'étude de Marketing a apporté certains estimés sur les moments choisis pour le visionnement chez les enfants et chez les adultes.

Chez les enfants des répondants,[1] la consommation serait de 45% le jour, de 10% le soir et pratiquement nulle la nuit (1%).

Chez les adultes, la consommation est surtout le soir (40%) et quatre fois moindre le jour (10%) et un peu moins la nuit (6%) sauf dans la nuit du vendredi (11%) et du samedi (14%).

La consommation de nuit semble assez basse et pratiquement nulle surtout chez les enfants si l'on s'en rapporte aux réponses des parents. Mais l'anecdote qui suit invite à ne pas négliger la place de ce phénomène.

> Anecdote 11: Visionnement des Oraliens la nuit.
>
> Un phénomène assez frappant à Télécâble Vidéotron est l'usage particulier des "Oraliens" la nuit (soit de 1h00 à 7h00). Nous avons cru intéressant d'en fournir un aperçu (voir tableau 16) en présentant le relevé du nombre de passes de ces documents d'octobre 1976 à la fin janvier 1977.
>
> Si l'on s'en rapporte au barème utilisé dans le troisième chapitre, tous ces documents obtiendraient au moins la cote 4 et les 2/3 obtiendraient même la cote 5 (1.7 fois par semaine et plus).
>
> Par qui ces documents sont-ils demandés? En partie par des adultes mais surtout par des enfants d'environ 12 ans. Quelques échanges avec les préposés à la réception de la demande nous invitent à croire qu'il s'agit d'enfants dont les parents sont absents ou d'enfants devant qui les parents ont démissionné.

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1 84% des répondants ont au moins 1 enfant à la maison.

TABLEAU 16

NOMBRE MOYEN DE PASSES PAR SEMAINE (LA NUIT DE 1H00 A 7H00) POUR LES EMISSIONS DE LA SERIE "ORALIENS"

EMISSION	PASSES	SEMAINES	MOY./SEM.
L'orage	56	14	4.0
La chasse au psi	54	15	3.4
Le cauchemard de Couac	48	15	3.2
Jeux de neige	19	6	3.2
Coup de vent	3	1	3.0
Le petit lever	46	16	2.9
Au bazard	17	6	2.8
La tempête de neige	17	6	2.8
Un monstre rayé	43	16	2.7
Jour de rue	43	16	2.7
Une toute petite maison	28	16	2.4
La poupée	29	12	2.4
La fuite de Couac	26	11	2.4
La perte du Tal	32	14	2.3
Jean dit	18	8	2.3
La radio	25	11	2.3
La salle	21	9	2.3
La chambre parfumée	20	9	2.2
En ville	32	15	2.1
Francolinet	22	11	2.0
Soirée chez les Oraliens	22	11	2.0
Oralie	22	11	2.0
Le froid d'autrefois	12	6	2.0
Le défilé du Père Noël	12	6	2.0
Chez le coiffeur	2	1	2.0
La rencontre	30	16	1.9
Le bricolage	17	9	1.9
Une pluie d'or	13	7	1.9
En classe	16	9	1.8
La salle de jeu	16	9	1.8
Il neige	11	6	1.8
L'anniversaire de Couac	19	11	1.7
Le souper de Francolin	15	9	1.7
La cueillette des fruits	19	11	1.7
Les véhicules	12	7	1.7
Le jardin enchanté	26	16	1.6
Quelle heure est-il	18	11	1.6
L'album	16	11	1.5
Au-dessus du Québec	16	11	1.5
La fortune en dessinant	16	11	1.5
La perruche	17	11	1.5
Coups de vent	10	7	1.4
Une mer de cacahuètes	14	11	1.3
La niche	9	7	1.3
Le coffret à bijoux	9	7	1.3
A la recherche de la goutte d'eau	11	9	1.2
Picabo enrhumé	8	7	1.1
Au restaurant	1	1	1.0
Les cadeaux	1	1	1.0
Au cirque	1	1	1.0
Le lac des cygnes	1	1	1.0
Le bain de Coquette	1	1	1.0
L'invitation	3	9	.3

C. Environnement social lors du visionnement

Une question dans le sondage-éclair s'énonçait: "Avec qui écoutez-vous les émissions que vous demandez?". Le tableau 17 liste les réponses à cette question et tient compte en même temps de la fréquence d'usage du système de la télévision sur demande.

TABLEAU 17

REPARTITION DES USAGERS SELON LEUR FREQUENCE D'USAGE DU SYSTEME ET SELON LEUR CONTEXTE D'ECOUTE

(sondage-éclair)

Fréquence d'usage	Contexte d'écoute					Total
	Seul	Seul ou en famille	Seul ou avec des amis	Avec des amis	En famille	
15 fois et +	1	1	-	2	8	12
7 à 14 fois	4	1	3	1	5	14
1 à 6 fois	11	4	3	3	9	30
1 fois de temps en temps	-	3	-	-	3	6
(Sans réponse)	1				2	3
Total:	17	9	6	6	27	65

La tendance la plus forte va à l'écoute en "famille" puis à l'écoute seul. Ceux qui écoutent en famille incluent autant des "gros demandeurs" de 15 fois et plus par semaine que de plus petits demandeurs de 1 à 6 fois par semaine. Chez ceux qui écoutent "seul", il s'agit surtout de demandeurs qui utilisent le système de 1 à 6 fois par semaine.

L'anecdote 12 vient illustrer par ailleurs comment un contexte de télévision sur demande pourrait éventuellement donner lieu à des situations de "visionnements collectifs".

<u>Anecdote 12</u>: Rétroaction du public à propos d'un document très demandé, "Le bonhomme".

Le film "Le bonhomme" de l'O.N.F., a été très en demande: 483 passes en 54 semaines. N'eût été des embargos, il serait passé beaucoup plus souvent. Au catalogue on a décrit ainsi le contenu de ce film: "Film vérité, insoutenable comme un cri, projetant sur la pellicule l'éclatement d'une famille de St-Henri, quartier défavorisé de Montréal, et les retrouvailles du mari avec la nature et la liberté".

Devant une si forte demande et de concert avec le réalisateur du film, les responsables de la diffusion ont alors proposé aux abonnés une soirée d'échanges avec le réalisateur du film.

On prépara alors une session de rétroaction téléphonique comportant:

- une heure pour visionner le film
- une heure de "hot-line" avec le réalisateur
- une heure de discussion avec un groupe en studio

Cette session s'est déroulée en soirée selon le cheminement prévu sauf que le hot-line et la discussion ont duré en tout trois heures. Tout au long de la soirée, les réactions ont évolué à partir de commentaires généraux positifs ou négatifs vers des réactions d'identification aux personnages. Ces réactions sont

devenues de plus en plus fortes, à un point tel qu'à partir du studio, on avait l'impression d'avoir un impact global sur un auditoire qu'on pouvait difficilement dénombrer: impact dont on pouvait de moins en moins contrôler l'intensité et la portée. C'est pourquoi les responsables ont cru bon de ne pas prolonger davantage cette session malgré les insistances des téléspectateurs.(1)

D. Fréquence de visionnement

La fréquence de visionnement a aussi fait l'objet d'une question dans l'étude de Marketing. On peut en effet rappeler que des usagers peuvent visionner des émissions des canaux sur demande sans être au nombre de ceux qui "demandent" effectivement. Voici les réponses à la question: "Regardez-vous à l'occasion les canaux N, O, P, Q, R, S, T, V, c'est-à-dire la télévision sur demande?" :

Oui	92%
Non	6%
Sans réponse	2%

Donc même si nous avons vu que 50% des abonnés ne demandent jamais ou presque jamais de documents, il y en aurait environ 92% qui regardent au moins à l'occasion les canaux réservés à la demande.

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1 Le tome 2 du présent rapport est réservé à la présentation de 4 sessions de rétro-action que nous avons faites avec de nouvelles productions de Radio-Québec. Ces sessions ont un contenu, des procédures et des objectifs différents de la session présentée ici.

Il y a donc possiblement une bonne partie des usagers qui n'utilisent ces canaux que comme tout autre canal lorsque le "show" est intéressant.

Le déboursé

Relativement au déboursé, nous pouvons avec l'étude de Marketing, essayer d'estimer dans quelle mesure les abonnés paient effectivement pour le service de télévision sur demande.

D'une part une question se formulait ainsi: "Quel service vous a le plus attiré lorsque vous avez décidé de vous abonner?"

Les réponses ont été:

La télévision sur demande	36.71%
La télévision traditionnelle	30.91%
La télévision de service	7.72%
La télévision communautaire	6.76%

D'autre part une seconde question se formulait: "Classez par ordre d'importance les services suivants: Télévision communautaire, Télévision traditionnelle, Télévision sur demande, ligne ouverte, service d'information". Voici combien de fois chacun de ces services a obtenu le premier choix:

La télévision traditionnelle	54.58%
La télévision sur demande	12.07%
La télévision communautaire	6.28%
Service/information écrite	4.34%
Ligne ouverte	1.44%

Comparativement à l'intérêt initial, les abonnés semblent donc commencer à débourser surtout pour la télévision sur demande, pour finir par débourser surtout pour leur consommation de télévision traditionnelle pendant que la télévision sur demande connaît une baisse notable d'importance.

Par ailleurs, le sondage-éclair n'a pas touché la question-même du déboursé (coût mensuel d'abonnement).

Cependant, nous avons essayé de voir (cf. tableau 18) s'il y avait un lien entre la durée de l'abonnement et la fréquence de demande.

TABLEAU 18

DESCRIPTION DES REPONDANTS LORS DU SONDAGE-ECLAIR AU POINT DE VUE DE LA DUREE D'ABONNEMENT ET LA FREQUENCE DE DEMANDES.

Fréquence de demandes/sem.	Durée d'abonnement				Total
	Sans réponse	Moins de 6 mois	6-11 mois	12 mois et +	
15 fois et +		2	8	2	12
7 à 14 fois		8	3	3	14
1 à 6 fois	3	14	7	6	30
1 fois de temps à autre		3	2	1	6
Sans réponse		3			3
Total	3	30	20	12	65

Avant de lire ce tableau de quelque façon, il faut se rappeler que Télécâble Vidéotron n'existait que depuis 15 mois au moment du prélèvement de ces données et que le nombre d'abonnés a toujours augmenté depuis le début. Ceci signifie qu'il peut exister de toute façon plus d'abonnés de "moins de 6 mois" que d'abonnés de 6 à 11 mois et que d'abonnés de 12 mois et plus.

En gardant cette réserve à l'esprit, nous nous en tiendrons à faire remarquer que les abonnés de moins de 6 mois ainsi que ceux de plus de 12 mois semblent avoir tendance à demander des documents surtout entre 1 et 6 fois par semaine.

Quant aux abonnés de 6 à 11 mois, il y en a autant qui demandent 15 fois et plus qu'il y en a qui demandent 1 à 6 fois.

Tout cela serait-il l'indication qu'avec la durée de l'abonnement, la fréquence de la demande augmente progressivement pour ensuite diminuer?

Si nous confrontons ces résultats aux résultats de l'étude de Marketing, nous sommes au moins portés à croire qu'il y a une baisse de l'usage de la télévision sur demande selon la durée de l'abonnement.

Remarques sur des usagers institutionnels

Toutes les données apportées par le présent rapport ont surtout trait aux usagers domestiques. Nous avons cependant jugé utile d'apporter quelques remarques concrètes sur l'emploi de ce système par certains usagers institutionnels, en l'occurrence des institutions scolaires.

Pour avoir un aperçu de l'utilisation de ce système par les institutions scolaires, nous avons contacté M. André Laterreur, responsable de l'audio-visuel de la Commission Scolaire Jacques-Cartier. Cette Commission Scolaire regroupe 23 écoles élémentaires. Nous avons aussi contacté monsieur Daniel Lasalle, coordonnateur du centre des ressources didactiques du Cégep Edouard-Montpetit. Ces deux représentants du secteur audio-visuel dans des institutions scolaires, nous ont fait part de l'usage actuel qu'ils font de ce système et aussi de l'usage qu'ils souhaitent en faire.

A. Usage actuel

L'usage actuel du système se fait pour des fins d'animation pédagogique et pour fins d'information pédagogique et sociale .

1. Animation pédagogique

Une première formule d'utilisation du système correspond à une formule classique d'usage d'un système audio-visuel. Il arrive qu'on utilise la télévision sur demande à l'intérieur d'un cours présenté de façon traditionnelle en téléphonant pour demander un document à caractère pédagogique qui pourrait illustrer une partie de la matière

enseignée (documents de l'ONF, OFQ, SGME ou de Radio-Québec). Le professeur peut alors donner son cours comme d'habitude tout en utilisant ce support audio-visuel le moment venu.

Par exemple, un professeur d'éducation physique au Cégep Edouard Montpetit a utilisé pendant 3 mois la série "Un p'tit coup de coeur" de Radio-Québec à raison de trois projections par semaine. Elle fixait à l'avance avec le responsable de la diffusion à Télécâble Vidéotron l'horaire des visionnements.

Cet horaire correspondait à l'horaire de ses cours théoriques durant la semaine. Le moment venu, le document était diffusé puis capté par le Cégep qui a son tour le rediffusait instantanément sur un écran géant (6' X 6') dans un amphithéâtre destiné à cette fin.

D'autres professeurs du Cégep ont utilisé de façon semblable des documents des séries de Radio-Québec: "Le sens de la vie" (dans des cours de philosophie) "Approche" (dans des cours de psychiatrie) "L'âge de la parole" (dans des cours de français) "Surville" (dans des cours de géographie) "Aux yeux du présent" (dans les cours d'histoire) et différents autres dossiers comme le dossier de la santé.

Les professeurs des écoles élémentaires ont moins recouru à cette première formule car la vidéothèque contient peu de documents utilisables à ce niveau. On peut faire exception des séries "Les Oraliens" et "Les 100 tours de Centour" qui sont diffusées de toute façon par Radio-Québec et par Radio-Canada.

Cette formule d'usage de la télévision sur demande correspond à des variantes classiques déjà expérimentées dans le domaine de la télévision éducative sur demande. Nous pensons par exemple à l'expérience conjointe de l'Ontario Board of Education avec l'Ontario Institute for Studies in Education et Bell Canada (voir McLaughlin, 1972). Mais d'autres formules d'utilisation sont très prometteuses en tirant davantage profit de ce qui est "vraiment typique" d'un système du genre de celui de Télécâble Vidéotron.

Voici un exemple d'un autre mode d'utilisation de ce système. Pour l'enseignement de la catéchèse à l'élémentaire, Pierre, le conseiller pédagogique prépare son cours en y introduisant souvent des petits films ou diapositives comme support pédagogique à la démonstration qu'il fera durant le cours.

Sa préparation terminée, il s'installe à une des écoles de la Commission Scolaire. De là, il présente son cours en bidirectionnalité ou "bidi" (dans le jargon de Télécâble Vidéotron).

La bidirectionnalité dont nous parlerons davantage dans le Tome II est une technique de communication en voie de développement. Elle consiste dans le fait de pouvoir aller en deux directions sur un même câble coaxial. Ce qui veut dire que Pierre, à partir de la classe où il est avec ses élèves, peut aussi rejoindre en même temps tous les autres élèves et professeurs du même degré scolaire de cette Commission Scolaire.

Il présente donc son cours tout en offrant la possibilité à ses élèves de poser des questions ainsi qu'aux autres élèves et professeurs qui l'écoutent par le biais du "bidi".

De plus, le tout est enregistré à la régie centrale et par la suite programmé 4 fois par jour durant la semaine qui vient à l'horaire scolaire.

Le document demeure disponible pour la demande: ce qui veut dire que, si un élève veut revoir son cours à domicile ou le montrer à ses parents, il en demande le visionnement sur le canal réservé aux étudiants.

Actuellement c'est le seul cours qui fonctionne de façon régulière avec cette formule mais d'ici peu de temps d'autres conseillers pédagogiques en d'autres matières, feront l'expérience de cette formule.

2. Information pédagogique et sociale

Au niveau de l'information pédagogique et sociale, des professeurs à l'élémentaire ont produit un document qui explique aux parents la méthode du "Sablier" qui est enseignée à leurs enfants. Ce document a été déposé à la vidéothèque de Télécâble Vidéotron et offert sur demande à tous les abonnés et plus particulièrement aux parents des enfants qui apprennent à lire avec cette méthode.

B. Usage souhaité

Ces usagers institutionnels souhaitent tous un usage plus poussé de ce système.

Au Cégep, l'on aimerait utiliser davantage les productions de Radio-Québec, soit en empruntant ces documents à Radio-Québec pour les mettre dans la vidéothèque de Télécâble Vidéotron pour une période donnée ou soit en demandant à Télécâble Vidéotron de se charger de les acquérir.

Au niveau élémentaire, on regrette le manque de choix de documents. Les écoles élémentaires doivent déposer elles-mêmes des documents en vidéothèque lorsqu'elles veulent les utiliser pour certains cours en particulier. Ces écoles élémentaires souhaiteraient surtout bénéficier de quelques films de l'ONF ainsi que des documents du SGME.

Mais là encore, le responsable nous fait remarquer que les écoles ont des appareils de télévision en noir et blanc et que les enfants aiment mieux la couleur; sans compter que pour certains films pédagogiques la couleur est essentielle.

Enfin, au niveau de l'information pédagogique et sociale, les professeurs à l'élémentaire aimeraient pouvoir faire beaucoup plus. Ils aimeraient pouvoir informer les parents au niveau de la pédagogie utilisée, mais ils voudraient aussi pouvoir informer les parents sur les activités sociales de leurs enfants c'est-à-dire les informer sur le milieu de vie scolaire de leurs enfants. Ils soulignent cependant que pour pouvoir réaliser ce projet, il leur faudra encore un peu plus de temps, du personnel en conséquence et aussi plus de collaboration du diffuseur.

CONCLUSION

Les données de ce chapitre n'ont été rassemblées que pour esquisser un certain portrait plus qualitatif des usagers. Mais ces données ont plus pour but d'orienter les réflexions du chapitre suivant que de fournir une conclusion finale sur les usagers actuels du système de télévision sur demande de Télécâble Vidéotron.

Voici donc les impressions que nous retenons pour la poursuite de notre démarche.

Chez les usagers domestiques

- Tous les abonnés paient un abonnement et regardent possiblement les canaux réservés à la télévision sur demande. Mais il peut finir par n'y avoir que 50% des abonnés qui demandent eux-mêmes des documents. Parmi ces 50% qui demandent et que nous considérons comme usagers réels, la fréquence de demande peut varier de 1 à 6 fois par semaine pour une moitié de ces gens et de 7 fois et plus par semaine pour l'autre moitié.

- Les usagers du système constitueraient surtout un public familial. Il semble y avoir une prédominance d'usagers masculins et une proportion égale d'étudiants et de non-étudiants. Les usagers semblent être des gros consommateurs de télévision si on s'en rapporte à leur fréquence d'écoute, aux moments d'écoute la nuit dans certains cas, à leurs ressources pour le visionnement (i.e. le nombre d'appareils de télévision). La consommation des documents demandés ne semble pas se faire d'abord isolément. Elle semble se faire autant en compagnie de d'autres personnes. Parmi les usagers, on trouverait possiblement un tiers d'irréductibles qui n'écoutent jamais Radio-Québec dans sa programmation régulière.

- Les goûts et demandes des abonnés (usagers ou non) témoignent de deux tendances. La tendance la plus forte va vers des attentes d'une plus grande possibilité de voir des films.

- La deuxième tendance va vers des documents apportant des informations pratiques d'ordre matériel ou psychologique.

- La façon de demander les documents dépend de la façon dont l'information est consultée. Une forte proportion d'abonnés n'utiliseraient par le catalogue mais recourraient aux informations apportées par leur entourage. Par ailleurs, les mises à jour peu fréquentes du catalogue écrit ne permettent pas un recours plus fréquent à une telle documentation. Enfin plusieurs demandes pourraient être faites à partir de l'expression d'un goût ou besoin plutôt qu'à partir d'un "numéro de catalogue". Contrairement à la situation actuelle, un préposé à la réception équipé d'un fichier thématique et disposant du temps nécessaire pourrait rendre un service à un plus grand nombre de personnes qui ne savent pas nécessairement lequel des 1,500 ou 2,000 documents pourrait répondre le mieux à leur besoin particulier.

Chez les usagers institutionnels

Le regard sur l'usage de la télévision sur demande par des institutions scolaires nous a sensibilisés à l'usage actuel et l'usage possible d'une bonne partie de la production existante de Radio-Québec.

Mais au niveau du système-même d'autoprogrammation, les expériences vécues dans ces institutions scolaires illustrent un fait qu'il ne faudra pas perdre de vue: "Si un système d'autoprogrammation peut être utilisé comme une télévision individualisée comme dans le cas des usagers domestiques, on tirerait encore plus d'avantages d'un tel système en utilisant son originalité comme un outil très flexible de communication entre les différents membres d'une même communauté ou institution". Les tentatives faites par certaines écoles laissent entrevoir comment ce système pourrait être utilisé comme moyen souple de communication entre des élèves, des professeurs et les parents tous impliqués dans un même réseau scolaire.

Il faudrait être aveugle pour ne pas voir qu'un tel usage "organisé" d'un système d'autoprogrammation serait un outil précieux pour une foule d'autres institutions ou regroupements d'individus.

C H A P I T R E   V

CONCLUSION

La conclusion se donne pour tâche de tirer profit des chapitres précédents afin d'atteindre le but de la démarche de ce premier Tome du rapport qui s'énonçait ainsi en introduction: "Fournir à Radio-Québec des points de repère pour alimenter sa réflexion relativement aux questions de câblodistribution spécialement à propos de la télévision sur demande."

Ces points de repère, nous les fournirons en retenant d'abord deux questions préliminaires relatives aux systèmes d'autoprogrammation. Puis nous considérerons quelques scénarios de développement envisageables pour Radio-Québec.

Deux questions préliminaires

En prenant du recul par rapport à toutes les données apportées, nous sommes conduits à mettre en évidence ces deux questions à propos des systèmes d'autoprogrammation.

- Faut-il favoriser une approche individuelle ou une approche collective?
- Faut-il favoriser un usage de consommation ou un usage de communication?

Approche individuelle ou approche collective?

Opter pour l'approche individuelle ou pour l'approche collective revient à se demander si l'on favorisera la diffusion auprès d'usagers isolés désirant visionner chacun leur document ou une diffusion auprès d'usagers regroupés autour d'objectifs communs par un certain lien institutionnel ou autre.

A. L'approche individuelle

L'approche individuelle est très intéressante à prime abord. Elle laisse penser à chaque individu qu'il peut à tout moment demander le visionnement qu'il désire et l'obtenir dans les plus brefs délais. Mais un examen un peu plus attentif nous montre qu'une telle situation, si attirante soit-elle, rencontre très rapidement des limites. En effet, considérons par exemple les possibilités actuelles du système étudié:

- 8 canaux de télévision sur demande fonctionnant 24 heures par jour, 7 jours par semaine.
- 1,526 documents en vidéothèque d'une durée moyenne de 30 minutes (selon le catalogue de décembre 1976).
- 27,070 foyers abonnés (selon le dernier relevé de Télécâble Vidéotron en décembre 1976).

A partir de ces données, posons-nous les deux problèmes suivants:

Problème A

Combien de fois par semaine un foyer abonné pourrait-il faire une demande si tous les foyers abonnés utilisaient le système?

Solution:

$$\frac{(7 \text{ jours}) \times (24 \text{ heures}) \times (2 \text{ documents à l'heure}) \times (8 \text{ canaux})}{(27{,}070 \text{ foyers abonnés})}$$

$$= \frac{2{,}688}{27{,}070} = .10 \text{ demande par semaine par foyer}$$

Si tous les foyers utilisaient le système, un foyer pourrait faire une demande .10 fois par semaine. En d'autres mots, un foyer pourrait bénéficier d'un visionnement une fois à toutes les 10 semaines.

Ce chiffre d'un visionnement par dix semaines apparaît même comme un maximum, car nous avons supposé que les gens seraient disponibles 24 heures par jour et nous n'avons pas non plus tenu compte du fait qu'il y a généralement plus d'une personne par foyer. Ce seul calcul laisse déjà entrevoir certaines limites à l'approche individuelle. En regardant la situation sous cet angle, on trouve bien concevable que la moitié des abonnés actuels de Télécâble Vidétron ne demande jamais de documents. Pour continuer à estimer les limites de l'approche individuelle, il nous est utile d'aborder aussi le problème B.

Problème B

Combien de fois par semaine un document particulier pourrait-il être mis en ondes si tous les documents étaient également demandés?

Solution:

$$\frac{(7 \text{ jours}) \times (24 \text{ heures}) \times (2 \text{ documents à l'heure}) \times (8 \text{ canaux})}{1,526 \text{ documents}}$$

$$= \frac{2,688}{1,526} = 1.76 \text{ mises en ondes par semaine par document}$$

Si tous les documents étaient également demandés, un document particulier pourrait être mis en ondes 1.76 fois par semaine. Théoriquement, un document dépassant cette fréquence de mise en ondes par semaine, se trouverait à enlever la place à un autre document.

Or si nous nous rapportons aux relevés faits dans le chapitre III, il y a environ 20% des documents qui ont pu se situer en haut de cette moyenne (ceux qui ont obtenu la cote 5) "au détriment" de 80% des documents situés en bas de cette moyenne.

Selon les goûts d'une population d'individus, il peut donc y avoir une forte consommation d'une minorité de documents appartenant à une vidéothèque si vaste soit-elle.

Pour contourner ces limites du système, les tenants de l'approche individuelle se retrouvent devant deux choix: réduire le nombre d'abonnés en augmentant les coûts d'abonnement ou augmenter le nombre de canaux en se fiant aux développements de nouvelles technologies comme par exemple la fibre optique ou encore les micro-ondes.

Mais même avec ce problème réglé, on ne pourra pas passer sous silence l'autre question à traiter plus loin qui porte sur un usage de consommation ou de communication.

B. L'approche collective

L'approche collective avec un système d'autoprogrammation donnerait toujours lieu à des visionnements répondant de façon simultanée à des besoins d'individus partageant une démarche commune à un moment donné. Les exemples d'utilisation en contexte scolaire (voir chapitre IV) nous en ont fourni certaines illustrations. Ces illustrations sont faciles à transposer en plusieurs autres domaines: éducation des adultes, domaine hospitalier, domaine industriel, etc...

A ce moment-là, un système même limité à 8 canaux pourrait très bien desservir des collectivités de façon beaucoup plus vaste sans attendre les merveilles des nouvelles technologies.

En vue d'une telle utilisation cependant, le système devrait assurer l'alimentation d'une vidéothèque plus adaptée au besoin de ces collectivités. Les politiques de publicisation de la vidéothèque, de réception des appels et de mise en ondes devraient elles aussi être adaptées, ce qui supposerait une analyse de besoins faite avec ces collectivités.

On conçoit déjà qu'une telle approche collective est cependant plus favorisée par certaines variantes de système d'autoprogrammation.

Rappelons-nous à ce sujet l'inventaire de cinq variantes fait à la fin du chapitre I (voir page 16). Contrairement aux variantes I et II, les variantes III, IV et V donnaient, chacune à leur façon, plus de place à l'usager. Dans le cas de la variante III, l'usager est en même temps le diffuseur. Dans le cas de la variante IV, l'usager est en même temps le fournisseur. Dans la variante V, il est à la fois diffuseur et fournisseur.

Usage de consommation ou usage de communication?

L'enjeu de cette question revient à se demander si on laissera la technologie de la télévision sur demande devenir un autre moyen d'augmenter la consommation d'images télévisuelles ou si on tirera profit de cet outil pour en faire un moyen plus souple de communication entre des individus ou des groupes d'individus.

A. Usage de consommation

Si nous considérons les tendances principales dans les comportements des usagers actuels, il nous semble bien que la télévision sur demande peut devenir facilement un produit de consommation qui ne fait qu'amplifier les comportements habituels des consommateurs de télévision.

C'est un fait bien connu que les consommateurs de télévision préfèrent majoritairement les films, les téléromans, les émissions de divertissement (spectacles, sports ou autres) en télévision. Or nous avons pu constater facilement que les intérêts premiers des usagers du système actuel concordent avec les intérêts habituels des consommateurs de télévision. En effet les données du chapitre III dénotent déjà un goût plus grand pour tout ce qui s'approche des formules de films ou des émissions de divertissement. Et quand nous considérons les suggestions les plus pressantes faites par les usagers, elles portent surtout sur l'acquisition de films.

Nous ne pouvons pas négliger bien sûr le fait qu'il y a une tendance plus secondaire allant vers une demande d'informations pratiques, que ce soit d'ordre matériel ou psychologique. Mais, resituée dans son ensemble, cette tendance ne semble pas caractériser une proportion aussi grande de consommateurs.

L'amplification des comportements de consommation risque aussi de se faire au niveau de la quantité de consommation. Nous avons d'abord pressenti un fort taux de nombre d'appareils de télévision par foyer (environ 65% des abonnés auraient deux appareils de télévision et plus comparativement à 32% dans la population en général). De plus, nous avons constaté que les usagers réels du système ont tendance à être de gros consommateurs. Rappelons par exemple que sur 65 usagers interrogés au moment de l'appel, le tiers environ disait consommer 50 heures de télévision et plus par semaine.

A propos des réactions de consommation, on peut faire une dernière remarque concernant les 50% d'abonnés qui ne demandent presque jamais de documents mais qui demeurent pourtant abonnés. Pour ces abonnés et beaucoup d'autres, les huit canaux de télévision sur demande peuvent n'être que huit canaux de plus qu'on peut regarder quand le show est intéressant. Il suffit de "pitonner" de temps en temps sur son câblo-sélecteur et on peut à l'occasion tomber sur quelque chose de bon. L'existence répandue d'un tel comportement n'est probablement pas indépendante du fait que la principale plainte des abonnés concerne le phénomène de la répétition.

A notre sens, des plaintes aussi généralisées témoignent à la fois d'une réaction de "consommateur" de télévision et d'une réaction d'incompréhension de ce qui constitue l'essence-même de la télévision sur demande: c'est-à-dire la possibilité pour tout usager (y compris soi-même et les autres) de voir ou revoir un document de son choix.

B. Usage de communication

Recourir à la télévision sur demande pour un usage de communication suppose une mise en circulation d'un certain genre de document et aussi une approche plus collective qu'individuelle.

Le genre de document mis en circulation s'éloignerait du type de document qu'on retrouve déjà suffisamment dans la consommation commerciale des mass-média. Ces documents seraient plutôt des documents portant une information devant circuler entre des individus ou groupes d'individus ou institutions.

L'exemple du document sur la méthode "Le Sablier" présenté au chapitre IV n'en est qu'une illustration parmi d'autres. Ce document fait par des professeurs d'une région est accessible aux parents de la même région par l'intermédiaire du système de télévision sur demande. Les professeurs communiquent ainsi avec les parents aux horaires qui conviennent aux parents. Les parents informés de cette façon sur la pédagogie servie à leurs enfants peuvent plus facilement par la suite accompagner leurs enfants dans leur cheminement scolaire. Ceci n'écarte pas non plus la possibilité d'usage de documents produits ailleurs mais utilisés dans le cadre de préoccupations particulières à un ensemble de personnes. Mais, à la limite, cet usage de communication nécessiterait en même temps une approche collective. En effet cette procédure devrait être "organisée" entre les usagers concernés en termes de choix d'horaires et de contenus de diffusion.

On constate donc que des préoccupations pour un "usage de communication" ne sont pas indépendantes d'une approche collective. Cette constatation nous conduit à mettre en évidence une certaine interdépendance entre les deux questions soulevées.

Question I : Approche individuelle "vs" approche collective

Question II: Usage de consommation "vs" usage de communication

Remarques sur les deux questions

Ces deux questions ne devraient pas être considérées uniquement par Radio-Québec qui veut orienter ses relations avec les câblodistributeurs en matière de télévision sur demande.

En effet, ces questions devraient aussi être soulevées lorsqu'il s'agit de tout débat public en matière de système d'autoprogrammation.

Pour fins d'illustration, considérons le cas des débats dans le domaine de la télévision payante. Pour nous, la télévision payante se réduit à un moyen de comptabiliser les rapports économiques entre les diffuseurs et les fournisseurs qui conjuguent leurs efforts pour faire un usage commercial d'un système d'autoprogrammation.

Or quand des débats publics sur la télévision payante se préoccupent surtout du spectre de l'invasion de la production américaine,[1] ils omettent d'autres effets tout aussi néfastes de la télévision payante. En effet, même en fonctionnant avec une production exclusivement canadienne, la télévision payante pourra mobiliser des réseaux de communication en les réduisant à un système d'autoprogrammation fonctionnant de toute façon avec une approche plus individuelle que collective et favorisant du même coup un usage de consommation plutôt que de communication.

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1 Voir Béliveau, A. (1977) La télévision payante: Les opposants craignent surtout l'invasion du cinéma américain. La Presse, 15 février 1977.

Quelques scénarios de développement pour Radio-Québec face à la télévision sur demande

Tenant compte des deux questions préliminaires et tenant compte aussi des contenus de tous les chapitres qui précèdent, nous considérerons les modalités des trois scénarios qui suivent:

Scénario A: Radio-Québec demeure fournisseur des systèmes de télévision sur demande assurés par les câblodistributeurs.

Scénario B: Radio-Québec diffuse sur ses propres ondes selon un principe de télévision sur demande.

Scénario C: Radio-Québec possède les réseaux de câblodistribution qu'il utilise entre autres pour fins de télévision sur demande.

<u>Scénario A</u>: Radio-Québec demeure un fournisseur des systèmes de télévision sur demande assuré par les câblodistributeurs.

Le scénario A ne peut être envisagé en s'en tenant uniquement aux problèmes d'alimentation du seul système d'autoprogrammation actuellement existant, celui de Télécâble Vidéotron. Il doit tenir compte du fait qu'il y a plusieurs câblodistributeurs dans la province de Québec susceptibles de développer des formes plus ou moins élaborées de services de télévision sur demande. De plus, tous ces câblodistributeurs sont susceptibles de manifester en même temps de fortes attentes face à la mise en circulation de la production de Radio-Québec.

Sous ce rapport, Radio-Québec à cause même de sa mission ne saurait se définir que comme l'alimenteur des vidéothèques des câblodistributeurs. Radio-Québec dans ses rapports avec les câblodistributeurs pourrait se préoccuper d'assurer ce que nous avons appelé une approche collective et un usage de communication avec la télévision sur demande.

Voici plus particulièrement les modalités que pourrait prendre une telle politique au niveau des usagers et au niveau des activités du diffuseur.

<u>Les usagers</u>

Face aux usagers, Radio-Québec pourrait considérer principalement les usagers institutionnels ou encore les usagers regroupés dans une organisation quelconque. Ce serait à partir des besoins et attentes exprimés par de tels usagers que Radio-Québec déterminerait les choix de documents et les périodes de prêt de ces documents. En pratique, Radio-Québec se trouverait à fournir plutôt ses documents à des usagers institutionnels ou à des groupes d'individus qui eux, déposeraient ces documents chez le câblodistributeur pour une période donnée.

Les activités du diffuseur

De tels besoins et attentes des usagers auraient du même coup une incidence sur les activités propres au diffuseur, activités que le modèle d'autoprogrammation a déjà mises en évidence:

- Dépôt de documents en vidéothèque: les documents de Radio-Québec seraient déposés en vidéothèque par des usagers institutionnels ou groupes d'individus ayant obtenu ces documents à Radio-Québec.

- Publicisation des contenus de la vidéothèque: une publicisation de ces documents serait faite auprès des spectateurs qu'on souhaitait particulièrement rejoindre avec de tels documents.

- La réception de la demande et la mise en ondes continueraient à être assurées par le diffuseur.

- L'analyse des besoins et les commandes relatives aux documents de Radio-Québec pourraient être assurées par un comité constitué de représentants de différentes institutions ou regroupement d'individus dans la région, ce comité travaillant en étroite collaboration avec le comité régional de Radio-Québec le plus rapproché et le câblodistributeur concerné.

Scénario B: Radio-Québec diffuse sur ses propres ondes selon un principe de télévision sur demande.

Selon le scénario B, Radio-Québec utiliserait ses heures d'antenne de l'après-midi pour y faire une programmation sur demande au service d'institutions (hôpitaux, commission scolaire etc.) ou regroupements d'individus (conseil du statut de la femme, club d'âge d'or etc.).

Ce scénario présente certains intérêts puisque de toute façon, la programmation d'après-midi est déjà faite de reprises. La pertinence de ces reprises n'est pas toujours bien évidente. Et si on se rapporte aux cotes d'écoute de la programmation d'après-midi, elle n'est de toute façon que d'environ 5%.[1] Cette diffusion en après-midi pourrait même coincider davantage avec les habitudes de vie et besoins de plusieurs institutions ou regroupements d'individus. (Advenant l'émergence de besoins plus grands, les périodes de télévision sur demande pourraient s'étendre aussi à l'avant-midi, et possiblement aussi en soirée à la fin de la programmation régulière vers 22h30).

Pour rendre ce scénario plus concret, passons en revue les activités qui caractériseraient Radio-Québec comme "diffuseur sur demande" en après-midi.

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1 D'après Daigneault (1976) 5% de l'auditoire de Radio-Québec regarde Radio-Québec en après-midi

Dépôt de documents en vidéothèque

La vidéothèque de Radio-Québec réservée à la télévision sur demande pourrait contenir:

- la production de Radio-Québec
- la production du Service Général des Moyens d'Enseignement
- la production de l'Office du Film du Québec (la Direction générale du Cinéma)
- des productions de l'Office National du Film
- des documents produits par diverses institutions désireuses d'utiliser le service de télévision sur demande "comme usagers institutionnels"

Publicisation du contenu de la vidéothèque

Un catalogue thématique mis à jour de façon périodique rendrait compte d'un inventaire de tous les documents mis en vidéothèque et il serait disponible à toutes les institutions ou regroupements d'individus susceptibles de s'intéresser à ce système.

Réception de la demande

-Les demandes seraient faites par un représentant d'une institution ou d'un regroupement d'individus. Ces demandes seraient reçues à Radio-Québec par le service des relations avec l'auditoire, par exemple.

-Le préposé à la réception de la demande prendrait note du document demandé et vérifierait si ce document est encore accessible à la vidéothèque. Il pourrait aussi informer ce représentant de l'existence de d'autres documents nouvellement arrivés et qui pourraient mieux satisfaire le besoin de l'usager. Il pourrait aussi assis-

ter cet usager dans le choix du meilleur document répondant à un besoin d'une institution ou d'un regroupement d'individus concernés.

-Enfin il conviendrait du jour et de l'heure de diffusion avec le représentant selon l'espace encore libre sur un tableau de réservation. Selon les facilités techniques de Radio-Québec et selon l'espace disponible, les délais pourraient être d'un jour à un mois.

Mise en ondes

- Les documents demandés seraient mis en ondes selon l'horaire établi lors de la réception de la demande.

- L'horaire d'une semaine pourrait paraître dans les journaux du vendredi ou du samedi précédent.
  Cet horaire ferait part de l'heure de diffusion de chaque document demandé, de son thème principal. Il identifierait aussi l'institution ou regroupement d'individus demandeurs et les destinataires de ce document.

- Au besoin,un encadrement pourrait être fait pour l'ensemble de la diffusion sur demande de l'après-midi.

Analyse des besoins

L'analyse des besoins en ce secteur aurait pour première tâche de repérer les diverses institutions et regroupements d'individus les plus susceptibles de bénéficier d'un système de diffusion sur une telle échelle.

Cette analyse s'inspirerait aussi des tendances dans la demande lors de "la réception de la demande".

Cette analyse des besoins serait intégrée aux activités régulières d'identification des besoins de Radio-Québec.

La commande de documents

L'analyse des besoins conduirait à désigner les nouveaux documents que Radio-Québec aurait avantage à commander ou acquérir pour enrichir sa vidéothèque. Elle servirait aussi à désigner certaines séries ou documents que Radio-Québec pourrait produire pour sa programmation régulière de soirée l'année suivante. Ces nouveaux documents feraient aussi partie de la vidéothèque réservée à la demande.

Le retrait de documents

Certains documents devront être retirés pour être retournés à ceux qui les ont fournis pour une période donnée. D'autres documents devront être retirés lors de l'expiration des périodes couvertes par les droits concernant ces documents.

<u>Scénario C</u>: Radio-Québec possède les réseaux de câblodistribution qu'il utilise entre autres pour fins de télévision sur demande.

Ce scénario suppose la nationalisation de la câblodistribution.

Il permettrait d'offrir à l'échelle provinciale et de façon plus décentralisée tous les services de télévision sur demande mentionnés dans les scénarios A et B.

Evidemment, l'usage de ces réseaux ne se réduit pas à un usage de télévision sur demande.

En effet, la câblodistribution offre beaucoup d'autres avantages que la télévision sur demande. Celui qui nous apparaît le plus important est la bidirectionnalité dont il sera grandement fait mention dans le Tome II de ce rapport.

NOTE FINALE

En terminant ce premier Tome du rapport sur le "Projet Radio-Québec et Télécâble Vidéotron", nous tenons à délimiter la portée que nous accordons aux observations faites.

Plusieurs résultats particuliers méritaient certaines réserves qui ont souvent été faites en cours de route. Nous concevons que toutes ces données particulières ne peuvent pas être prises pour autant de conclusions.

Ces données ne retrouvent plutôt leur sens que dans la mesure où nous acceptons de les considérer comme autant de composantes d'une vue d'ensemble sur un phénomène encore naissant: les systèmes d'autoprogrammation assurés par câblodistribution.

En termes plus concrets, l'important n'est pas le contenu de tel ou tel tableau statistique mais plutôt les voies de développement que nous sommes portés à privilégier après avoir pris connaissance de cette fresque de données accumulées.

Or ces voies de développement s'orientent, quant à nous, vers une utilisation de l'autoprogrammation pour des fins de communication et non de consommation prenant place dans une approche collective et non individuelle.

Gérald Bourbeau

Carmen Duquette

A P P E N D I C E   A

Caractéristiques générales de la population située sur le territoire actuellement desservi par Télécâble Vidéotron Ltée.

Cet appendice fait une analyse des données du dernier recensement complet de Statistiques Canada[1] afin de caractériser les populations des cinq municipalités desservies par Télécâble Vidéotron et afin d'avoir un estimé de la clientèle réelle de Télécâble Vidéotron représentant environ 50% de toute cette population.

Le tableau 19 décrit les populations des cinq municipalités desservies au point de vue de :

- l'âge
- la scolarité
- le revenu moyen du chef de famille
- la langue d'origine
- la langue d'usage

Remarquons que les municipalités y sont listées par ordre d'importance au point de vue du nombre absolu de foyers câblés.

La municipalité ayant le plus de foyers câblés (Longueuil: 12,300 foyers) fournit presque la moitié de tous les foyers câblés de Télécâble Vidéotron. Cette municipalité a une population à 41% de personnes de 20 ans et moins et 59% de personnes de 20 ans et plus. La scolarité y est de 13 ans et moins pour au moins 85% de la population. Cette municipalité est aussi à très forte majorité francophone autant dans la langue d'origine que dans la langue d'usage.

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1 Il s'agit du dernier recensement complet de Statistiques Canada remontant à 1971. La population a certes augmenté depuis ce temps. C'est pourquoi nous ne rendrons compte des répartitions de la population qu'en %.

TABLEAU 19

DESCRIPTION DES POPULATIONS DES MUNICIPALITES "CABLEES" D'APRES L'AGE, LA SCOLARITE, LE REVENU MOYEN, LA LANGUE D'ORIGINE ET LA LANGUE D'USAGE.

	AGE			SCOLARITE			REVENU MOYEN	LANGUE D'ORIGINE			LANGUE D'USAGE		
MUNICIPALITE	0-14	15-19	20 et +	9 et -	10 à 13	14 et +		Anglais	Français	Autre	Anglais	Français	Autre
Longueuil (12,300 foyers câblés = 40% de la municipalité)	.31	.10	.59	.48	.37	.06	$ 6,943	.06	.88	.04	.08	.91	.01
St-Hubert (6,200 foyers câblés = 64% de la municiaplité)	.38	.10	.53	.52	.33	.01	$ 7,331	.22	.70	.05	.29	.70	.01
Brossard (5,000 foyers câblés = 44% de la municipalité)	.37	.07	.57	.40	.38	.10	$10,136	.17	.69	.09	.24	.71	.02
Laprairie (1,900 foyers câblés = 75% de la municipalité)	.30	.10	.60	.51	.36	.05	$ 6,762	.03	.92	.02	.03	.95	.01
Candiac (1,670 foyers câblés = 88% de la municipalité)	.41	.07	.52	.37	.37	.12	$11,424	.27	.63	.07	.34	.63	.01

Vient ensuite la municipalité de St-Hubert qui fournit environ le quart de tous les foyers câblés. L'âge et la scolarité y sont à peu près comparables à Longueuil mais le revenu moyen y est légèrement plus élevé ainsi que la présence de la langue anglaise.

Enfin le dernier quart de tous les foyers abonnés est fourni par les municipalités de Brossard, Laprairie et Candiac. Les répartitions de la population par âge y sont comparables aux municipalités précédentes. La scolarité et le revenu moyen y semblent plus élevés pour les municipalités de Brossard et Candiac. Mais rien ne laisse croire que ce sont systématiquement les plus scolarisés et salariés qui s'abonnent. En effet Brossard a 44% de ses foyers qui sont câblés et on pourrait estimer qu'il n'y a au plus que 17% des foyers ayant une scolarité de 14 ans et plus.(1)

Le même raisonnement tient encore plus pour la municipalité de Candiac qui est câblée à 88% alors qu'on peut estimer à 11% le nombre de foyers scolarisés de 14 ans et plus. Quant à Laprairie, cette municipalité se compare bien à Longueuil.

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1 Nous faisons cet estimé en y comparant le % de personnes ayant 14 ans et plus de scolarité (10%) et le nombre de personnes âgées de 20 ans et plus (57%), ce qui fait 10% sur 57% = 17%.

APPENDICE B

Relevés de la fréquence de mises
en ondes des documents de Radio-Québec

TABLEAU [illegible]

[illegible] DE PAGES PAR SEMAINE [illegible]
DE LA SERIE "ANGOISSE RACONTE"

[illegible]	PAGES	SEMAINES	MOYENNE	LOT
[illegible]	[illegible]	[illegible]	[illegible]	
[illegible]			[illegible]	
[illegible]	[illegible]	[illegible]	[illegible]	
[illegible]	[illegible]	6	[illegible]	
[illegible]				

TABLEAU 21

NOMBRE MOYEN DE PASSES PAR SEMAINE POUR LES EMISSIONS
DE LA SERIE "APPROCHE"

EMISSION	PASSES	SEMAINES	MOY/SEM	COTE
# Anatomie de l'orgasme	231	39	5.9	
Eveil sexuel de l'adolescent	51	9	5.7	
Party d'adolescent	302	59	5.1	
Sexualité: adolescent	282	63	4.5	
Les délits sexuels	144	33	4.4	
Sexualité dans notre vie quotidienne	206	52	4.0	
Sexualité depuis la révolution tranquille	248	65	3.9	5
# Fantaisies sexuelles	105	33	3.2	
Publicité et sexualité	86	29	3.0	
Le démon du midi	33	11	3.0	
La solitude	131	46	2.8	
La sexualité marginale	85	32	2.7	
Les homosexuels	95	38	2.5	
Relation couple/enfant	137	58	2.4	
# Comment on fait l'amour	106	52	2.0	
Pourquoi l'amour	81	61	1.3	
La sexualité chez les handicapés mentaux	42	32	1.3	
La sexualité dans les prisons	40	34	1.2	
Evolution du couple	9	8	1.1	

TABLEAU 21 (suite)

EMISSION	PASSES	SEMAINES	MOY/SEM	COTE
Rencontres	36	40	.9	
Théorie Master & Johnson	33	35	.9	4
Sexualité et religion catholique	25	29	.9	
Sexualité du 3e âge	7	9	.8	
La ménopause	8	10	.8	
L'impuissance	30	38	.8	
Communication sexuelle	23	35	.7	
Sexualité/religion	21	30	.7	3
Thérapie sexuelle	20	42	.5	
La sexualité chez les handicapés physiques	18	38	.5	
Cote globale:				4.39

avec embargo

TABLEAU 22

NOMBRE MOYEN DE PASSES PAR SEMAINE POUR LES EMISSIONS
DE LA SERIE "AU COEUR DES MOTS"

EMISSION	PASSES	SEMAINES	MOY/SEM	COTE
Sang, vampire, peau	43	61	.7	3
Marionnette, ficelle, corde	25	50	.5	
Fête, liberté, embrasser	17	62	.3	2
Hache, foudre, frapper	17	62	.3	
Pierre, caillou, casser	3	9	.3	
Mémoire	3	10	.3	
Pincer, crampon, crampe	1	8	.1	1
Fleur, fruit	0	7	.0	
Porte, branler, chambranle	0	7	.0	
Bouche, gueule, bouchon	0	7	.0	
Cote globale:				1.80

TABLEAU 23

NOMBRE MOYEN DE PASSES PAR SEMAINE POUR LES EMISSIONS
DE LA SERIE "AUTONOMIE"

EMISSION	PASSES	SEMAINES	MOY/SEM	COTE
Historique de l'auto II	49	51	1.0	4
Historique de l'auto I	58	64	.9	
Les vérifications périodiques I	29	38	.8	
Boîte de vitesse	38	60	.6	3
Le démarrage	18	37	.5	
Le différentiel	28	58	.5	
La suspension de l'automobile	12	46	.3	2
La lubrification & graissage	12	46	.3	
Entretien de la batterie	13	42	.3	
L'entretien du système de refroidissement	10	38	.3	
Les modifications	8	29	.3	
Le système de charge	9	41	.2	1
Dépannage	4	26	.2	
Le lavage	4	26	.2	
Vérifications périodiques II	4	25	.2	
Pneus	11	59	.2	
La lubrification	6	44	.1	
L'entretien préventif	2	17	.1	
La batterie d'accumulateur	4	30	.1	
Cote globale:				2.06

TABLEAU 24

NOMBRE MOYEN DE PASSES PAR SEMAINE POUR LES EMISSIONS
DE LA SERIE "CE COIN DE PAYS"

EMISSION	PASSES	SEMAINES	MOY/SEM	COTE
Lac St-Jean-Saguenay	60	61	1.0	4
Bas St-Laurent	48	62	.8	
Iles de la Madeleine	6	8	.8	
Le temps qu'il fait sur mon pays	5	11	.5	3
Montréal I	33	64	.5	
La Côte Nord	9	22	.4	2
Montréal II	6	15	.4	
Place Royale à Québec	4	11	.4	
Un coin bien à la main	4	10	.4	
La vallée Jardin	3	10	.3	
Des villes, un fleuve	3	11	.3	
Les Cris de la East-Maine	2	8	.3	
Et Dieu créa l'été	2	7	.3	
Au pays des lutrins	2	8	.3	
La grande évasion	3	10	.3	
Cantons de l'Est	12	43	.3	
Nouveau Québec	8	31	.3	
Ville de Québec	9	59	.2	
La Mauricie	1	9	.1	1
Beaupré-Charlevoix	1	9	.1	
Abitibi-Témiscamingue	1	9	.1	
Québec au temps des étés	1	7	.1	
Le temps des Québécois	1	7	.1	
Cote globale:				2.09

TABLEAU 25

NOMBRE MOYEN DE PASSES PAR SEMAINE POUR LES EMISSIONS
DE LA SERIE "DANS LA TETE DES HOMMES"

TITRE DE L'EMISSION	PASSES	SEMAINES	MOY/SEM	COTE
# L'attente (accouchement naturel)	600	67	9.0	5
# La dragueuse	363	63	5.8	
# La transexuée	291	59	4.9	
La secrétaire, l'universitaire et l'ouvrière	36	45	.8	4
L'union	15	20	.8	
Jeunes étudiants, leur environnement, leurs goûts et leurs aspirations	30	45	.7	3
L'épanouissement	13	21	.6	
L'auxiliaire	9	21	.3	2
L'apprentissage	14	46	.3	
L'encadrement	15	44	.3	
L'image	12	36	.3	
L'absence	8	23	.3	
La brisure	7	36	.2	1
La petite fille et le système scolaire	5	21	.2	
Cote globale:				2.93

avec embargo

TABLEAU 26

NOMBRE MOYEN DE PASSES PAR SEMAINE POUR LES EMISSIONS
DE LA SERIE "L'AGE DE LA PAROLE"

EMISSION	PASSES	SEMAINES	MOY/SEM	COTE
Odyssée de la langue	20	52	.4	2
Luttes linguistiques	22	63	.3	
Bilinguisme au Québec	21	63	.3	
Situation linguistique	14	49	.3	
Bilinguisme au Canada	12	43	.3	
Psychologie du bilinguisme	15	49	.3	
Traduction	13	61	.2	1
Bilinguisme institutionnel	3	17	.2	
Enseignement du français à l'élémentaire	9	50	.2	
Les mots d'ici	1	11	.1	
Langue française et fonction publique	3	30	.1	
Anglicisation de l'Outaouais	1	18	.1	
Situation linguistique	0	10	.0	
Les minorités francophones de l'Ouest	0	9	.0	
Le Québec anglophone	0	8	.0	
Cote globale:				1.46

TABLEAU 27

NOMBRE MOYEN DE PASSES PAR SEMAINE POUR LES EMISSIONS
DE LA SERIE "LA VIE QU'ON MENE A L'ASSEMBLEE NATIONALE"

EMISSION	PASSES	SEMAINES	MOY/SEM	COTE
Loi spéciale (CTCUM)	21	52	.4	
Le député: représentant du citoyen/le législateur	9	21	.4	2
La marche vers un parlement souverain (1792)	16	53	.3	
Le député et le parlement	12	50	.2	
La modification du régime parlementaire (1867)	10	49	.2	
Le choix des candidats	5	28	.2	
Les classes sociales des partis politiques	6	29	.2	
Les chambres au parlement	6	48	.1	1
Député: Age, Instruction	4	48	.1	
Député et ses concitoyens	1	8	.1	
Système parlementaire	4	34	.1	
Le député	0	10	.0	
Le système électoral	0	7	.0	
Les partis politiques	0	9	.0	
La session parlementaire	0	7	.0	
Cote globale:				1.20

TABLEAU 28

NOMBRE MOYEN DE PASSES PAR SEMAINE POUR LES EMISSIONS
DE LA SERIE "LE SENS DE LA VIE"

EMISSION	PASSES	SEMAINES	MOY/SEM	COTE
La sexualité	57	31	1.8	5
La liberté	53	30	1.8	
La violence	25	20	1.3	4
Les media	6	9	.7	
Le travail chez les Zarathustra	27	45	.6	3
Les enjeux collectifs	16	27	.6	
La justice	3	8	.4	
Le sens de la vie	4	10	.4	
La personne	2	8	.3	2
La spiritualité	3	11	.3	
La mort	3	9	.3	
Le respect de la vie	2	11	.2	
La solitude	2	10	.2	
La désintégration	2	10	.2	1
La réforme de l'éducation	1	8	.1	
Les loisirs	1	7	.1	
La justice	1	7	.1	
Le travail	1	9	.1	
Cote globale:				2.2

TABLEAU 29

NOMBRE MOYEN DE PASSES PAR SEMAINE POUR LES EMISSIONS
DE LA SERIE "LES GROUS SOUS"

EMISSION	PASSES	SEMAINES	MOY/SEM	COTE
Analyse d'une grève dans le secteur privé	9	8	1.1	4
C'est toi, c'est moi, c'est nous autres	5	11	.5	3
L'argent	33	62	.5	
Saint Dicat, protégez-nous	4	10	.4	2
La loi de l'offre et de la demande	18	58	.3	
Inflation	12	48	.3	
Capital, main d'oeuvre	10	41	.3	
Crédit à la consommation	18	62	.3	
Rôle de la publicité	21	61	.3	
Formes d'organismes de consommateurs	12	53	.2	1
Planification économique	4	30	.1	
L'aide	3	26	.1	
Le travailleur, 3 problèmes, 3 systèmes	6	41	.1	
Le travail: les p'tits sous	1	10	.1	
Nationaliser l'Etat	0	7	.0	
Analyse d'une grève dans le secteur public	0	8	.0	
Cote globale:				1.81

TABLEAU 30

NOMBRE MOYEN DE PASSES PAR SEMAINE POUR LES EMISSIONS
DE LA SERIE "LES MARMITONS"

EMISSION	PASSES	SEMAINES	MOY/SEM	COTE
Le lait	19	10	1.9	5
La volaille	67	40	1.7	
Le pain	8	9	.9	4
Légumes verts	7	11	.6	3
L'agneau	5	10	.5	
L'oeuf	5	11	.5	
Le porc	3	9	.3	2
La pomme	2	8	.3	
La salade	2	8	.3	
Cote globale:				3.22

TABLEAU 31

NOMBRE MOYEN DE PASSES PAR SEMAINE POUR LES EMISSIONS
DE LA SERIE "POSTE FRONTIERE"

EMISSION	PASSES	SEMAINES	MOY/SEM	COTE
L'Angola I	44	37	1.2	4
Bilan Pinochet	15	31	.5	3
Fortune au Brésil	27	50	.5	
Violence et non violence	26	56	.5	
Pérou	17	40	.4	2
Indiens Apalaï et Dieu	16	37	.4	
Afrique à démystifier	13	27	.4	
L'Angola II	17	50	.3	
Indiens pourchassés	20	62	.3	
Le Nicaragua	21	64	.3	
Indien sud-américain	15	44	.3	
Chili: El Pueblo Unido	12	41	.3	
Chili au passé futur	8	44	.2	1
Vietnam I	6	30	.2	
Vietnam II	7	32	.2	
Engagés personnels en A.D.S.	15	62	.2	
La forêt transpercée	11	61	.2	
Equateur	9	60	.2	
Vietnam: la reconstruction	1	9	.1	
Institution Eglise	3	36	.1	
Palestine d'aujourd'hui et demain	0	11	.0	
Cote globale:				1.82

TABLEAU 32

NOMBRE MOYEN DE PASSES PAR SEMAINE POUR LES EMISSIONS
DE LA SERIE "PRETE-MOI TA PLUME"

EMISSION	PASSES	SEMAINES	MOY/SEM	COTE
La mort	7	15	.5	3
La femme	4	16	.3	
La vie paysanne	8	23	.3	2
Le terroir	6	24	.3	
La fèlure	4	18	.2	
La religion à travers la littérature québécoise	3	17	.2	1
L'amour	3	13	.2	
La langue	1	14	.1	
Cote globale:				1.63

TABLEAU 33

NOMBRE MOYEN DE PASSES PAR SEMAINE POUR LES EMISSIONS
DE LA SERIE "RYTHMES"

EMISSION	PASSES	SEMAINES	MOY/SEM	COTE
Québec, Place Ste-Foy	10	10	1.	4
Groupe folklorique ukrainien	21	28	.8	
Folklore du Québec	26	64	.4	2
Lise Lavoie au Saguenay	27	64	.4	
"Nalesa" troupe Bulgare	17	48	.4	
Danse folklorique japonaise	13	43	.3	
Association sud-américaine du Québec	13	41	.3	
Légende de Ti-Jean Caribou	2	8	.3	
Québec, Arlequin, Sherbrooke	3	9	.3	
Troupe folklorique québécoise "Loup-Garou"	11	60	.2	1
Troupe slovaque "Lipa"	11	49	.2	
La Hongrie	3	27	.1	
Groupe folklorique portugais de Mtl	4	31	.1	
Danses folkloriques indiennes	7	50	.1	
Cote globale:				1.87

TABLEAU 34

NOMBRE MOYEN DE PASSES PAR SEMAINE POUR LES EMISSIONS
DE LA SERIE "SI ON S'Y METTAIT"

EMISSION	PASSES	SEMAINES	MOY/SEM	COTE
Coopérative Manseau	69	63	1.1	4
Ex-détenus	45	62	.7	3
Jeunesse et 3e âge	29	41	.7	
Clinique juridique quartier St-Louis	19	59	.3	2
St-Just, Auclair...II	11	44	.3	
Comités citoyens I	7	28	.3	
Comités citoyens II	7	31	.2	1
Comptoir alimentaire	12	58	.2	
Rivière Davy	9	51	.2	
St-Just, Auclair...I	4	47	.1	
Cinq F.M.	1	22	.0	
Cote globale:				1.91

TABLEAU 35

NOMBRE MOYEN DE PASSES PAR SEMAINE POUR LES EMISSIONS
DE LA SERIE "UN P'TIT COUP DE COEUR"

EMISSION	PASSES	SEMAINES	MOY/SEM	COTE
Equitation	74	53	1.4	4
La marche	10	8	1.3	
Judo-Karaté-Aikido	31	30	1.0	
Le camping	49	61	.8	
Culturisme	21	29	.7	3
Athlétisme	27	48	.6	
Le ski alpin	18	34	.5	
Ski de randonnée	16	30	.5	
Appareils d'exercices	14	33	.4	2
Balle molle	24	60	.4	
Tennis	20	51	.4	
La raquette	8	26	.3	
Tir-à-l'arc	21	63	.3	
Le football nord-américain	11	48	.2	1
Curling	6	40	.2	
Badminton	7	41	.2	
Patinage	6	28	.2	
Cote globale:				2.47

A P P E N D I C E   C

Relevés de la fréquence de mises en ondes
des documents de l'Office National du Film

TABLEAU 36

NOMBRE MOYEN DE PASSES PAR SEMAINE DES DOCUMENTS DE L'O.N.F.
DANS LA CATEGORIE "AFFAIRES SOCIALES"

EMISSION	PASSES	SEMAINES	MOY/SEM	COTE
# Le bonhomme	483	54	8.9	
# Survivre	294	43	6.9	
Les filles c'est pas pareil	172	30	5.8	
# A votre santé	216	43	5.0	
Paper boy	101	29	3.5	
La plus belle vie	70	21	3.3	
Tout le temps, tout le temps	109	43	2.5	5
Mon amie Pierrette	79	32	2.5	
Duplessis et après	105	54	2.0	
Episode	83	42	2.0	
Les bûcherons de la Manouane	79	39	2.0	
Guérissez-nous du mal	77	42	1.8	
La moisson	89	51	1.7	
La noce est pas finie	53	32	1.7	
Avant de juger l'Indien	78	51	1.5	
Les taudis	71	51	1.4	
Un lendemain comme hier	47	42	1.1	4
Régions frontières	49	51	1.0	

TABLEAU 36 (suite)

EMISSION	PASSES	SEMAINES	MOY/SEM	COTE
Religions	44	51	.9	
Opération boule de neige	27	32	.8	
Un pays sans bon sens	36	51	.7	
Urbanose 6	13	28	.7	
Urbanose 5	26	39	.7	
You are on Indian land	12	33	.7	
En ce jour mémorable	23	32	.7	
Un soleil pas comme ailleurs	21	31	.7	3
Les religions	32	51	.6	
Fin d'un jour d'été	21	33	.6	
Urbanose 12	16	30	.5	
La clinique des citoyens	18	33	.5	
Jour après jour	15	32	.5	
Agriculture	19	43	.4	
La richesse des autres	18	43	.4	2
Urbanose 3	11	36	.3	
Waiting for Fidel	8	23	.3	
Urbanose 13	6	36	.2	1
Urbanose 8	3	22	.1	

avec embargo

TABLEAU 37

NOMBRE MOYEN DE PASSES PAR SEMAINE DES DOCUMENTS DE L'O.N.F.
DANS LA CATEGORIE "ARTS ET SPECTACLES"

EMISSION	PASSES	SEMAINES	MOY/SEM	COTE
Psychocratie	617	54	11.4	
Tout écartillé	308	33	9.3	
Neighbours	253	36	7.0	
Françoise Durocher waitress	347	51	6.9	
# Vertige	363	54	6.7	
Le réel du pendu	204	40	5.1	
The underground movies	57	15	3.8	5
Moi un savon	125	33	3.8	
Une chaise	191	54	3.5	
Pas de deux	190	54	3.5	
Mouvement du ciel	164	51	3.2	
Métropole	150	51	3.0	
La fougère et la rouille	71	32	2.2	
Les bébites de chrousagnon	110	54	2.0	
Opus 3	98	51	2.0	

TABLEAU 37 (suite)

EMISSION	PASSES	SEMAINES	MOY/SEM	COTE
Rythmetic	98	54	1.8	
Ma boule	94	51	1.8	
Avec Buster Keaton	73	40	1.8	
Synchromie	85	51	1.7	
To see or not to see	27	16	1.7	
Autour de la perception	83	54	1.5	
Le bleu perdu	67	44	1.5	
Kenojouak	73	51	1.4	
Tickets S.V.P.	19	15	1.3	
Sphères	51	42	1.2	
Métadata	37	37	1.0	
Ballet Adagio	15	15	1.0	4
Paul-Emile Borduas	48	51	.9	
Heu hop	39	42	.9	
L'oeuf	36	39	.9	
Lignes verticales	39	44	.8	
Phantasy	33	42	.8	
Artisans jeunes et vieux	24	29	.8	
Voir Pellan	35	51	.7	
Mosaïque	38	50	.7	
Boomsville	23	32	.7	
Angel	23	32	.7	
Ceci est un message enregistré	11	15	.7	
Jablonski	20	27	.7	3
[illegible]ists	35	55	.6	
[illegible]is Garneau	30	51	.6	
[illegible]e family that	17	30	.6	
[illegible] film for Ma[illegible]	9	16	.6	

TABLEAU 37 (suite)

EMISSION	PASSES	SEMAINES	MOY/SEM	COTE
Balablok	9	15	.6	
Ksan	28	55	.5	
Correlieu	15	40	.4	
Christmas crackers	6	15	.4	
Christmas fantasy	6	15	.4	2
The house that Jack built	6	15	.4	
Québec en silence	2	8	.3	
Anase's farm	3	15	.2	1
Happiness is	3	16	.2	

avec embargo

TABLEAU 38

NOMBRE MOYEN DE PASSES PAR SEMAINE DES DOCUMENTS DE L'O.N.F.
DANS LA CATEGORIE "ENFANTS"

EMISSION	PASSES	SEMAINES	MOY/SEM	COTE
Hold up au far west	251	29	8.7	5
Les animaux en marche	194	54	3.6	
L'ours et la souris	103	40	2.6	
Un castor	110	54	2.0	
Les aventures de Piou Piou	79	40	2.0	
Kiroko	101	51	2.0	
Little red kiding hook	42	30	1.4	4
Caprice de Noël	50	38	1.3	
Poulette grise	59	51	1.2	
Escapade	49	42	1.2	
Le veuf	39	39	1.0	
Le poney	33	32	1.0	
Tchou-tchou	26	32	.8	
The animals movies	9	34	.7	3
Alphabet	9	34	.7	
Le hibou et le lewsing	23	39	.6	
The stowaway	13	32	.4	2
The sky is blue	12	32	.4	

TABLEAU 39

NOMBRE MOYEN DE PASSES PAR SEMAINE DES DOCUMENTS DE L'O.N.F.
DANS LA CATEGORIE "LOISIRS SPORTIFS"

EMISSION	PASSES	SEMAINES	MOY/SEM	COTE
# Motoneige	374	51	7.3	
Peut-être Maurice Richard	144	42	3.4	
				5
Le beau plaisir	136	50	2.7	
Ski de fond	103	51	2.0	
Volley ball	91	48	1.9	
Natation	71	51	1.4	
La famille sous la tente	51	42	1.2	
Les raquetteurs	49	43	1.1	
C'est le volley-ball	51	51	1.0	
				4
César et son canot d'écorce	47	51	.9	
Jeux du Québec	36	40	.9	
Blake-French	36	42	.9	
Le courreur	33	40	.8	
Le ski pour tous	33	39	.8	
Le ski	44	54	.8	
Les rochassiers	34	50	.7	
Natation	24	40	.6	3
Le ski	22	40	.6	

TABLEAU 39 (suite)

EMISSION	PASSES	SEMAINES	MOY/SEM	COTE
Golden gloves	25	43	.6	
Le badminton	20	44	.5	
Entre ciel et neige	17	42	.4	2
Le jeu de l'hiver	13	42	.3	
Winter potpourri	7	51	.1	1

avec embargo

TABLEAU 40

NOMBRE MOYEN DE PASSES PAR SEMAINE DES DOCUMENTS DE L'O.N.F.
DANS LA CATEGORIE "LOISIRS SOCIO-CULTURELS"

EMISSION	PASSES	SEMAINES	MOY/SEM	COTE
Tatoo 67	264	50	5.3	
Je chante à cheval	201	50	4.0	
Star	81	33	2.5	5
Les canadiens savent danser	90	50	2.0	
Faune et flore	100	53	1.9	
Passage au Nord Ouest	77	49	1.6	
Le Nord	77	50	1.5	
At the Caribou crossing place	42	31	1.4	
At the winter sea ice camp	27	20	1.4	
L'Indien parle	62	47	1.3	
Notre forêt canadienne	54	50	1.1	
Pardonnez-moi Mr. Korsh	34	32	1.1	
Fishing at the stone weir	33	31	1.1	
Group hunting on the spring ice	27	28	1.0	4
La drave	47	52	.9	
Escalade des oies sauvages	40	47	.9	
We call them Killer	30	33	.9	
Jigging for lake trout	23	26	.9	
Passage au Nord Ouest	32	42	.8	
[illegible]gne du jour	25	31	.8	
[illegible]père Canada	29	39	.7	
At the spring sea ice camp	17	24	.7	
A l'eau	24	37	.6	

TABLEAU 40 (suite)

EMISSION	PASSES	SEMAINES	MOY/SEM	COTE
Les 2 côtés de la médaille: race de bronze	13	23	.6	3
Stalking seal on the spring ice	22	27	.6	
A cast of eggs	19	31	.6	
At the autumn river camp	20	31	.6	
La feuille qui brise les reins	19	31	.6	
Là ou ailleurs	23	50	.5	
Matin sur la lièvre	18	37	.5	
Lieux privilégiés	16	36	.4	2
Building a Kayak	11	31	.4	
Rencontre à Mitzic	11	31	.4	
Rose et Lundery	12	30	.4	
A l'heure de la décolonisation	7	18	.4	
Petit discours de la méthode	13	31	.4	
The Oshawa Kid	10	35	.3	
The song of Yellow	8	29	.3	
Les côtés de la médaille: risquer sa peau	10	42	.2	1
Les voyageurs	6	34	.2	
Hélicoptère Canada	8	33	.2	

TABLEAU 41

NOMBRE MOYEN DE PASSES PAR SEMAINE DOCUMENTS DE L'O.N.F.
DANS LA CATEGORIE "SCIENCES & EDUCATION"

EMISSION	PASSES	SEMAINES	MOY/SEM	COTE
Le comportement de l'enfant c'est vous	271	47	5.8	
La fin d'un mythe: le loup	302	52	5.8	
Nuit et brouillard	98	19	5.1	
Regards sur l'occultisme: science et esprits	114	23	5.0	
Petit monde de 10 à 12 ans	170	39	4.4	
L'homme cheminée	150	40	3.8	
Seconde guerre mondiale: guerre totale	147	40	3.7	
Regard sur l'occultisme	180	50	3.6	
Notre univers	188	52	3.6	
On le pensait à l'épreuve du feu	151	50	3.0	5
Petit monde de 6 à 9 ans	115	42	2.7	
Help is	74	29	2.6	
Bethune	39	19	2.6	
Les indrogables	104	40	2.6	
Les glaciers	133	52	2.6	
Percé on the rocks	86	35	2.5	
The zoo and you	118	54	2.2	

TABLEAU 41 (suite)

EMISSION	PASSES	SEMAINES	MOY/SEM	COTE
La vie du poisson	89	46	1.9	
Petit monde à 4 et 5 ans	66	35	1.9	
Aux confins de l'univers	74	40	1.9	
Le monde des insectes	85	47	1.8	
Summerhill	58	35	1.7	
D'où vient la vie	69	40	1.7	
De défi en défi	66	40	1.7	
L'adolescence une invention récente	68	40	1.7	
Escales des oies blanches	54	34	1.6	
L'étang	85	52	1.6	
Phénomènes atmosphériques	85	52	1.6	
La truite de rivière	73	50	1.5	
Le nouveau né	68	50	1.4	
De défi en défi	72	50	1.4	
Les marées de la Baie de Fundy	74	55	1.3	
Capture	43	36	1.2	
La fleur et la ruche	57	52	1.1	4
Entre deux guerres: années folles années sombres	41	40	1.0	
Développement embryonnaire	34	40	.9	
Stealhead rêver	44	54	.8	
Bouclier canadien: Saguenay	40	52	.8	
Menu	31	41	.8	
Cité savante	24	32	.8	
[illegible]	36	55	.7	
[illegible] vivant	36	50	.7	
[illegible] la suite du monde	27	41	.7	
[illegible]ir	35	50	.7	

TABLEAU 41 (suite)

EMISSION	PASSES	SEMAINES	MOY/SEM	COTE
D.N.A.	35	50	.7	
Les bases du St-Laurent	29	40	.7	3
Un voyage en Inde	36	50	.7	
Mémoire Indienne	26	42	.6	
Les enfants du silence	21	33	.6	
Louisbourg	18	29	.6	
Les climats de l'Amérique du Nord	26	52	.5	
Au pouce carré	17	35	.5	
Champignons microscopiques	15	37	.4	
La tourbière à épinettes	14	34	.4	
L'Extrême Nord Canadien	21	47	.4	
Métamorphose des Prairies	15	40	.4	
The long view	12	29	.4	
Explosion démographique	16	40	.4	2
Oraison	17	54	.3	
Les grandes religions	12	41	.3	
Heureux comme un poisson dans l'eau	12	40	.3	
Compte à rebours	11	36	.3	
The Hutterites	11	42	.3	
The Royal Province	6	30	.2	
Lieux privilégiés	8	37	.2	1
Eloge du Chiac	4	38	.1	

TABLEAU 42

NOMBRE MOYEN DE PASSES PAR SEMAINE DES DOCUMENTS DE L'O.N.F.
DANS LA SERIE "3e AGE"

EMISSION	PASSES	SEMAINES	MOY/SEM	COTE
Henri Gagnon, organiste	17	15	1.1	4

APPENDICE D

Relevés de la fréquence de mise en
ondes des documents de Faroun

TABLEAU 43

NOMBRE MOYEN DE PASSES PAR SEMAINE DE DOCUMENTS DE FAROUN DANS LA CATEGORIE "ENFANT"

EMISSION	PASSES	SEMAINES	MOY/SEM	COTE
Bibi à l'école	296	43	6.9	
La baguette magique	241	43	5.6	
Le robot	212	43	4.9	
Balbine à la pêche	212	43	4.9	
Le balai magique	204	43	4.7	
Le vase magique	172	43	4.0	
Gâteau de chocolat	158	43	3.7	
Aventure du chat Julo	161	43	3.7	
Doc le crapaud vantard	149	43	3.5	
La fièvre du thermomètre	136	43	3.2	
Dans une goutte d'eau	128	43	3.0	
Le crocodile	130	43	3.0	5
Le grand nettoyage	125	43	2.9	
Le soleil et la rose	122	43	2.8	
Le malin petit poisson	110	43	2.6	
Gopa le pêcheur distrait	102	43	2.4	
Une bonne plaisanterie	99	43	2.3	
[illegible] en Afrique	96	43	2.2	
[illegible] maison	84	43	2.0	
[illegible]'appareil universel	88	43	2.0	

TABLEAU 43 (suite)

EMISSION	PASSES	SEMAINES	MOY/SEM	COTE
Deux petits chiens	89	43	2.0	
Le petit nuage	84	43	2.0	
Le chardonneret	81	43	1.9	
La tache d'encre	79	43	1.8	
L'oiseau voyageur	79	43	1.8	
Un étrange voyageur	73	43	1.7	
Le château de cartes	71	43	1.7	
Un ballon pour ma soeur	68	43	1.6	
Ballade Silésienne	67	43	1.6	
L'alphabet	56	43	1.3	
Une invention	53	43	1.2	
Un rayon de miel	50	43	1.2	
Qui a trouvé le gars	52	43	1.2	
Un coq	52	43	1.2	
Aventure d'un basset	49	43	1.1	
L'épouvantail	49	43	1.1	
La grande pêche	49	43	1.1	4
Scier au cafard	43	43	1.0	
L'excursion	42	43	1.0	
La querelle	38	43	.9	
Aventure d'un réveil-matin	37	43	.9	
Le fromage enchanteur	35	43	.8	
Deux rivaux	35	43	.8	
[illegible] métro	32	42	.8	
La colision du père Noël	31	41	.8	

TABLEAU 43 (suite)

EMISSION	PASSES	SEMAINES	MOY/SEM	COTE
Fétiche mascotte	30	43	.7	
L'indésirable	29	43	.7	
La fuite	30	43	.7	
* Pénélope a perdu le fil	19	27	.7	
* Au pays des moulins	25	41	.6	
* La chaise à rempailler	24	43	.6	
* Le père pivoine a disparu	24	43	.6	3
* Laverie Flappe	20	43	.5	
* Le rugby ça c'est du sport	23	43	.5	
* Attraction Bing Bing	23	43	.5	
* Le garçon fait l'école buissonnière	20	43	.5	
* Le bonhomme Jouvence	19	40	.5	
* Bing Bing	14	40	.4	
* Polure a froid	17	42	.4	
* Le trèfle à 4 feuilles	15	38	.4	
* La réunion du père Noël	17	43	.4	
* Un rôle bien assaisonné	15	43	.4	
* Poleux et le fer à repasser	15	43	.4	
* Ça colle	15	43	.4	
* Polleux philathéliste	18	43	.4	
* Le boomrang	19	43	.4	
* Le zébulogramme	17	43	.4	
* La clé du mystère	14	39	.4	
* La fusée cosmique	12	32	.4	
* Le labirynthe	16	43	.4	
* Le dentifrice de Flappy	17	43	.4	
* [illegible] réveil du maneige	10	40	.3	
[illegible]ondeuse à gazon	11	42	.3	
[illegible]eux et l'éléphant	13	43	.3	

TABLEAU 43 (suite)

EMISSION	PASSES	SEMAINES	MOY/SEM	COTE
* Polleux nous avons besoin de toi	11	40	.3	
* Honneur en jeu	12	43	.3	2
* Le maneige de Polleux	11	43	.3	
* Polleux se pique le nez	11	43	.3	
* Pour des haricots	11	43	.3	
* Un facteur d'occasion	10	43	.3	
* La ceinture	14	42	.3	
* Pense bête	13	43	.3	
* L'installation d'un rideau	12	42	.3	
* La lésion	11	42	.3	
* La symphonie aquatique	12	43	.3	
* Polleux n'aime pas le tricot	13	43	.3	
* La mayonnaise	13	43	.3	
* Flappy a la grippe	11	43	.3	
* L'éventail	15	43	.3	
* Pas de roses sans épines	11	43	.3	
* Déguisons-nous	12	43	.3	
* Polleux prisonnier de son mur	15	43	.3	
* Une chausseth	15	43	.3	
* Le rouleau de papier collant	15	43	.3	
* Le matelot	8	43	.2	
* Les Bings Bings voyagent	6	40	.2	
* La disparition d'Ambroise	6	40	.2	
* L'éponge	6	41	.2	
* Le noeud papillon	9	41	.2	
* Les horloges du bonhomme	7	43	.2	
* Wap - di - dow	8	43	.2	
[illegible] tapis	9	43	.2	
Allo Margot	8	43	.2	

TABLEAU 43 (suite)

EMISSION	PASSES	SEMAINES	MOY/SEM	COTE
* La contravention	4	23	.2	1
* Pollux et la miopée	6	39	.2	
* L'ouvre-boîte	9	42	.2	
* Petite plaisanterie	9	43	.2	
* Atchow pour tout le monde	9	43	.2	
* Artichaut	7	43	.2	
* Mystère sous cloche	7	41	.2	
* La bouteille de limonade	9	43	.2	
* De toutes les couleurs	10	43	.2	
* La méthode relaxe	5	40	.1	
* Le cadnas	4	36	.1	
* Le taille crayon	5	43	.1	
* Pollux et sa caravane	5	41	.1	
* L'épingle à linge	5	43	.1	

* Document de la série "Le manège enchanté"

APPENDICE E

Condensé des appendices B, C et D.

TABLEAU 44

NOMBRE DE DOCUMENTS DES SERIES DE RADIO-QUEBEC ET DES GROUPES DE DOCUMENTS DE L'O.N.F. ET FAROUN AYANT OBTENU LES COTES 1, 2, 3, 4 ou 5.

Canal de diffusion Série ou groupe de documents	Cote 1	Cote 2	Cote 3	Cote 4	Cote 5	Totaux
AFFAIRES SOCIALES						
O.N.F.	2	4	11	6	14	37
R.Q. Gros sous	7	6	2	1		16
R.Q. Si on s'y mettait	5	3	2	1		11
R.Q. La vie qu'on mène à l'Assemblée nationale	12	3				15
R.Q. Dans la tête des hommes	2	5	2	2	3	14
SOUS-TOTAL R.Q.	26	17	6	4	3	56
ARTS ET SPECTACLES						
O.N.F.	2	5	12	13	20	52
R.Q. Rythmes	6	7		2		15
R.Q. Prête-moi ta plume	4	3	1			8
SOUS-TOTAL R.Q.	10	10	1	2		23
ENFANTS						
O.N.F.		2	3	7	6	18
FAROUN	23	37	12	18	27	117
R.Q. Marmitons		3	3	1	2	9
SOUS-TOTAL R.Q.		3	3	1	2	9
ETUDIANTS						
R.Q. Ce coin de pays	6	12	2	3		23
R.Q. Au coeur des mots	4	4	2			10
R.Q. Ambroise raconte	1	2		1		4
SOUS-TOTAL R.Q.	11	18	4	4		37
LOISIRS SOCIO-CULTURELS						
O.N.F.	3	8	10	15	5	41
R.Q. Poste Frontière	9	9	3	1		22
SOUS-TOTAL R.Q.	9	9	3	1		22
LOISIRS SPORTIFS						
	1	2	5	10	4	22
it coup de coeur	4	5	4	4		17
	8	5	3	3		19
SOUS-TOTAL R.Q.	12	10	7	7		36

TABLEAU 44 (suite)

SCIENCES ET EDUCATION						
O.N.F.	3	11	12	15	25	66
R.Q. Sens de la vie	7	5	3	1	2	18
R.Q. Age de la parole	7	6				13
R.Q. Approche			4	9	15	28
SOUS-TOTAL R.Q.	14	11	7	10	17	59
3e AGE						
O.N.F.				1		1
R.Q. (1 document de Approche)				1		1
SOUS-TOTAL R.Q.				1		1
TOTAL:						
O.N.F.	11	32	53	67	74	237
FAROUN	23	37	12	18	27	117
R.Q.	82	78	31	30	22	243
GRAND TOTAL:	116	147	96	115	123	597

*Les cotes 1 à 5 sont attribuées selon le barème présenté à la page 57.

TABLEAU 45

POURCENTAGE DE DOCUMENTS DES SERIES DE RADIO-QUEBEC ET DES GROUPES DE DOCUMENTS DE L'O.N.F. ET FAROUN AYANT OBTENU LES COTES 1, 2, 3, 4 ou 5.

Canal de diffusion Série ou groupe de documents	Cote* 1	2	3	4	5	Base de calcul
AFFAIRES SOCIALES						
O.N.F.	.05	.11	.30	.16	.38	37
R.Q. Gros sous	.44	.38	.13	.06		16
R.Q. Si on s'y mettait	.45	.27	.18	.09		11
R.Q. La vie qu'on mène à l'Assemblée nationale	.80	.20				15
R.Q. Dans la tête des hommes	.14	.36	.14	.14	.21	14
SOUS-TOTAL R.Q.	.46	.30	.11	.07	.05	56
ARTS ET SPECTACLES						
O.N.F.	.04	.10	.23	.25	.38	52
R.Q. Rythmes	.40	.47		.13		15
R.Q. Prête-moi ta plume	.50	.38	.13			38
SOUS-TOTAL R.Q.	.43	.43	.04	.09		23
ENFANTS						
O.N.F.		.11	.17	.38	.33	18
FAROUN	.20	.32	.10	.15	.23	117
R.Q. Marmitons		.33	.33	.11	.22	9
SOUS-TOTAL R.Q.		.33	.33	.11	.22	9
ETUDIANTS						
R.Q. Ce coin de pays	.26	.52	.09	.13		23
R.Q. Au coeur des mots	.40	.40	.20			10
R.Q. Ambroise raconte	.25	.75				4
SOUS-TOTAL R.Q.	.30	.49	.11	.11		37
LOISIRS SOCIO-CULTURELS						
O.N.F.	.07	.20	.24	.37	.12	41
R.Q. Poste Frontière	.40	.40	.14	.05		22
SOUS-TOTAL R.Q.	.40	.40	.14	.05		22
LOISIRS SPORTIFS						
[illegible]	.05	.09	.23	.45	.18	22
[illegible] tit coup de coeur	.24	.29	.24	.24		17
[illegible] omie	.42	.26	.16	.16		19
SOUS-TOTAL R.Q.	.33	.28	.19	.19		36

TABLEAU 45 (suite)

SCIENCES ET EDUCATION						
O.N.F.	.05	.17	.18	.23	.38	66
R.Q. Sens de la vie	.39	.28	.17	.06	.11	18
R.Q. Age de la parole	.54	.46				13
R.Q. Approche			.14	.60	.54	28
SOUS-TOTAL R.Q.	.24	.19	.12	.17	.29	59
3e AGE						
O.N.F.				1.00		1
R.Q. (1 document de Approche)				1.00		1
SOUS-TOTAL R.Q.						1
TOTAL:						
O.N.F.	.05	.14	.22	.28	.31	237
FAROUN	.20	.32	.10	.15	.23	117
R.Q.	.34	.32	.13	.12	.09	243
GRAND TOTAL:	.19	.25	.16	.19	.21	597

*Les cotes 1 à 5 sont attribuées selon le barème présenté à la page 57.

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Hiver 1976.
St-Hubert: Télécâble Vidéotron Ltée.

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"Protocole d'entente concernant la câblodiffusion de certaines émissions du réseau Radio-Québec par le système de câblodistribution de Télécâble Vidéotron Ltée à des fins expérimentales. 1976
Office de Radio-Télédiffusion du Québec.

Television Basics, 1975/76
Bureau de Télévision du Canada, Toronto.

C.R.T.C.
TELEX REC'D 4:30 (27)

QJE485
CNCPTEL OTT TH+
CRTC OTT

APR 29 1977

V+
CRTC OTT

COMMENT
COMMENTAIRE
N - 53

CBC OTT
068 OTTAWA ONT 29/4/77 1554

LISE OUIMET
CRTC, OTTAWA

U R G E N T   R U S H ...
OUR PRESIDENT WOULD APPRECIATE OPPORTUNITY OF APPEARING AT CRTC PUBLIC HEARING ON PAY TELEVISION ON EITHER JUNE 1 OR 2 TO ENLARGE ON CORPORATION'S VIEWS. CORPORATION'S OPPOSITION TO PAY TELEVISION WAS STATED IN EARLIER BRIEF TO COMMISSION WHICH ALSO INCLUDED COMMENT ON PAY TELEVISION ORGANIZATION.

CORPORATION'S VIEWS REMAIN UNCHANGED IN THAT WE STILL OPPOSE THE INTRODUCTION OF PAY-TV AT THIS TIME. HOWEVER, BELIEVE AMPLIFICATION AND UPDATING OF POINTS MADE IN THE EARLIER BRIEF CAN BE OF ASSISTANCE TO THE COMMISION AND PRESIDENT WOULD LIKE TO PRESENT THESE ORALLY, WITH YOUR AGREEMENT.

ANY FURTHER DOCUMENTATION WE MAY DEVELOP WILL BE SENT TO THE COMMISSION AS AVAILABLE.

R.C. FRASER - CBC OTTAWA

CRTC OTT

CBC OTT

V

Received by - TOTAL RSP
SECRETARIAT

C.R.T.C.

GOVERNMENT OF NEWFOUNDLAND & LABRADOR

DEPARTMENT OF TRANSPORTATION AND COMMUNICATIONS

Office of the Minister

COMMENT
COMMENTAIRE

11 - 54

ST. JOHN'S

1977 04 14

Miss Lise Ouimet,
Secretary General to the Commission,
Canadian Radio-television and
Telecommunications Commission,
100 Metcalfe Street,
Ottawa, Ontario,
K1A 0N2.

Dear Miss Ouimet:

Thank you for your letter of April 1st, 1977 advising me of the hearing on Pay Television scheduled for May 30th, 1977.

Please be informed that it is not our intention to submit any additional information for this hearing.

Yours sincerely,

Jim Morgan

JAMES MORGAN, M. H. A.,
Minister

(34)

COMMENT
COMMENTAIRE

N-55

C.R.T.C.
TELEX REC'D. 4'80

APR 25 1977

CNCPTEL OTT TG+
CRTC OTT

CNTGA151
QJF561
ØQJF562(251404)
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CRT RA OUTREMONT QUE 25 1458
MICHEL ARPIN, C.R.T.C.
100 RUE METCALFE OTTAWA ONT
BT
NOUS VOUS AVISONS OFFICIELLEMENT QUE L'ASSOCIATION DES PRODUCTEURS DE FILMS DU QUEBEC DESIRE PARTICIPER ET COMPARAITRE AUX AUDIENCES PUBLIQUES DE LA TELEVISION PAYANTE QUI SE TIENDRONT A OTTAWA LE 30SXAISI977
DENIS HEROUX, PRESIDENT
A.P.F.Q

DIRECTOR - DIRECTEUR
PROGRAMMATION / OPERATIONS
APR 26 1977
REÇU - RECEIVED

345P EDT

CNCPTEL OTT TG+
CRTC OTT

N-56

PRECISIONS COMPLEMENTAIRES
AU MEMOIRE DEJA PRESENTE

au

CONSEIL DE LA RADIODIFFUSION ET
DES TELECOMMUNICATIONS CANADIENNES

par

LES CABLODISTRIBUTEURS ET UN
GROUPE DE PRODUCTEURS DU QUEBEC

sur un

CONCEPT NOUVEAU DE TELEVISION A PEAGE

MONTREAL AVRIL 1977

SOMMAIRE

A- TELEVISION A PEAGE

C'est afin d'apporter des précisions supplémentaire sur leur concept de télévision à péage que les cablo-distributeurs et les producteurs du Québec qui avaient signé conjointement un premier mémoire, en septembre 1976, se présenteront à l'audience du Conseil de la Radio et de la Télévision canadien, à la fin du mois de mai 1977.

Depuis que les autorités règlementaires ont réclamé des différentes associations intéressées et du public en général des opinions sur ce sujet, les signataires du mémoire dont nous venons de parler et qui se regroupaient sous l'enseigne de la Société d'Edition électronique n'ont jamais cessé d'étudier les principes de télévision à péage ou encore d'essayer de jauger les conséquences de celle-ci dans l'univers complexe des communications au pays.

Le concept traditionnel, calqué sur l'expérience américaine, continue de nous apparaître comme étant extrêmement dangereux et nous continuons de nous y opposer avec fermeté.

1- LE CONCEPT TRADITIONNEL

Ce concept, onéreux au départ pour l'abonné (tous les groupes qui en favorisent la mise en oeuvre mentionnent un tarif mensuel d'au moins $8 dollars), est basé presque exclusivement sur la diffusion de films. Si l'on considère que chaque grande chaîne de télévision, au Québec seulement, diffuse chaque année plus de 300 nouveaux longs métrages, il est difficile d'imaginer qu'une programmation axée principalement sur le film ne donnerait pas immédiatement lieu à une fragmentation importante

des auditoires. Comme ces chaînes de télévision recourent presque exclusivement aux marchés étrangers pour satisfaire leurs besoins considérables de longs métrages, il est normal de croire qu'il en serait de même d'un concept conventionnel de télévision à péage.
Le pays ne serait donc doté que d'un débouché additionnel pour la culture étrangère.
Des statistiques à cet effet compilées dans un rapport intitulé "L'Industrie cinématographique au Canada" préparé en 1976 pour le Secrétariat d'Etat, sont très révélatrices.-

> Les stations de télévision canadiennes présentent chaque année pour $40 millions d'émissions étrangères dont 90 pour cent sont américaines.

Comme on sait qu'une majeure partie de ces acquisitions se fait à des prix de "dumping", il est intéressant de supposer ce que cette somme représente en temps aux horaires des stations de télévision.

En dépit des quotas de contenu imposés et recensés régulièrement par les autorités réglementaires, le programmateur de télévision canadienne - parce qu'il doit satisfaire à des cotes d'écoute rigoureuses qui déterminent ses revenus publicitaires; parce qu'il doit concurrencer une forme de télévision importée surtout des U.S.A. et qu'il n'a pas les moyens de reproduire localement- en est littéralement réduit à livrer les ondes à une programmation étrangère, majoritairement américaine.

Une formule de télévision à péage axée principalement sur la diffusion de longs métrages ne fera qu'aggraver cette situation.

Elle compromettrait encore davantage la situation déjà précaire de bons nombre de salles de cinéma, surtout en dehors des grands centres. Si l'on réalise que les propriétaires de salles indépendants se situent surtout en dehors des centres importants, il est facile d'imaginer qu'on empirera une situation presque coloniale dans le domaine des communications, situation dont tous les groupements canadiens responsables souhaitent voir un certain redressement.

2- LE CONCEPT DE LA SOCIETE D'EDITION ELECTRONIQUE ET SON AVENIR

Les signataires du mémoire regroupés sous l'étiquette de Société d'Edition électronique préconisent un concept de télévision complémentaire, distribuée principalement par câble, et payée par les abonnés selon un système universel de redressement tarifaire.

Le concept de base de cette Société est d'utiliser pour la programmation le maximum possible des sommes perçues des abonnés selon les exigences suivantes:

- élaborer une programmation de télévision complémentaire variée et de grande qualité selon des schèmes originaux et nouveaux visant des auditoires cibles et des publics spécialisés;

- constituer un inventaire de documents audio-visuels reflétant la gamme la plus complète possible de nos activités culturelles;

- utiliser au maximum les ressources des producteurs indépendants, contribuant ainsi à l'épanouissement des compétences du milieu (scénaristes, réalisateurs,

artistes, techniciens, etc);

- rendre le plus accessible possible au public grâce à une nouvelle flexibilité horaire les programmes distribués;

- assurer l'accessibilité instanter de cette programmation complémentaire au maximum possible d'usagers et stimuler l'accroissement des aires régionales bénéficiant de la cablo-distribution augmentant ainsi la pénétration de régions moins favorisées;

- assurer aux producteurs indépendants l'accès à leur propre marché pour une production de grande qualité et ouvrir ainsi des marchés internationaux;

- éviter au maximum tout investissement et toute dépense en équipements techniques ou en immobilisations et en frais administratifs;

- orienter une partie importante des revenus dans le financement et l'acquisition de longs métrages nationaux;

- contribuer à la décentralisation de la production en utilisant les ressources techniques déjà établies dans les différentes régions;

- assurer par ses revenus une participation auxiliaire mais indispensable à la création artistique dans certaines disciplines particulièrement coûteuses.

- assurer la préparation pour une étape ultérieure de la diffusion de programmes payés à la pièce.

3- AVANTAGES ET NECESSITE DE LA TELEVISION COMPLEMENTAIRE

Il serait difficile de penser à un meilleur préambule à ce chapître que la citation de l'une des conclusions du rapport préparé par le Bureau des conseillers en gestion pour la Direction générale des Arts et de la Culture, Secrétariat d'Etat, Gouvernement du Canada.

> "...Peut-être est-il temps pour les producteurs canadiens de renoncer à concurrencer leur voisin géant pour se concentrer sur les domaines dans lesquels ils réussissent le mieux, soit les documentaires sérieux, les nouvelles, les affaires publiques et les émissions sportives." (P. 99)

La télévision complémentaire ouvre aux concepts nouveaux de production un marché qui n'a pas cessé de rétrécir depuis l'avènement de la télévision conventionnelle. Et nous voulons signaler que ces concepts nouveaux proviennent la plupart du temps de l'industrie indépendante de production, spécialement défavorisée au Canada par les grands réseaux de télévision.

Les monopoles créés par les grandes chaînes de télévision ont en général orienté la production dans des secteurs bien définis, dominés souvent par les cotes d'écoute, donc par la valeur commerciale immédiatement perceptible.

En effet, la télévision canadienne par sa diffusion considérable de produits étrangers, surtout américains, a encore accentué ce vacuum qui la sépare de la production indépendante.

Plutôt que d'en encourager la production, la télévision a engendré la disparition de certains types de production (i.e. le documentaire, l'animation, le cinéma-vérité) dans lesquels les Canadiens avaient acquis une réputation plus qu'enviable.

La disparition d'un marché a fait disparaître toute une forme d'expression.

Il semblerait que les réseaux de télévision ayant investi des sommes considérables dans les studios et les équipements techniques se soient vus forcés-par un souci fort légitime de rentabilité et d'amortissement- d'assurer la majeure partie de leur production. C'est ainsi que de la télévision est issue toute une gamme de spectacles de second ordre: quizz, concours; ou encore d'émissions à perspective visuelle réduite: interviews, commentaires devant cyclo, etc. Ce type de production contribuant du même coup à "canadianiser" les contenus, les chaines de télévision n'étant pas obligées d'obéir à un système de quotas spécifiques.

La télévision complémentaire devrait avoir pour effet de soustraire la production aux impératifs d'horaires inviolables, d'une commercialisation outrancière de même qu'aux impératifs d'une program-

mation figée sur la nécessité presque absolue de réunir le plus grand auditoire possible à n'importe lequel moment donné.

Nous entrevoyons la possibilité avec le nouveau marché qui sera créé par la télévision complémentaire de revitaliser des concepts de programmation tombés en désuétude et d'en susciter de nouveaux. Nous voyons aussi comment il sera possible de recourir aux services de bon nombre de cinéastes de grand talent auxquels les marchés actuels offrent peu de marge d'expression.

Nous refusons de souscrire aux allégations souvent exprimées par les grands réseaux de télévision (privés et d'Etat) à savoir qu'il existe peu de ressources créatrices ailleurs qu'à l'intérieur de leurs cadres.

Le rapport déjà cité plus haut indique que "l'étroitesse du marché" actuel et "le morcellement de la demande" font que"l'utilisation des entreprises est grandement inférieure aux possibilités (jusqu'à 50 pour cent environ) dans le secteur privé; en conséquence, la réponse des particuliers à l'accroissement de la demande peut être instantanée". (Page 137)

Le manque de ressources créatrices apparait donc aisément comme un faux problème ou encore comme un prétexte utile à ceux qui continuent de croire que les communications doivent leur être exclusives. Sur le plan de l'embauche, la télévision complémentaire élargira les horizons.

Notre volonté de réduire au strict minimum les investissements en immobilisation ou en équipements techniques permettra à la Société d'Edition électronique de recourir presque exclusivement aux producteurs indépendants comblant ainsi une lacune impressionnante de l'industrie nationale des communications.

La Société Radio-Canada qui est de loin le plus grand producteur canadien - avec des dépenses de fonctionnement d'environ $170 millions en 1973 - a affecté de cette somme quelque $65 millions à la production de nouveaux films et de bandes vidéo. D'après les comptes de Radio-Canada, six pour cent seulement du budget de fonctionnement a servi à commanditer des productions d'entreprises privées, et à acheter des droits sur certains films. Les productions commandées à l'extérieur pour 1973 représentaient seulement $8 millions.

Contrairement à ce qui se passe dans tous les pays de l'ouest, les grands réseaux de télévision du Canada - pour la plupart devenus des institutions autonomes et fermées- évitent soigneusement de recourir à la production indépendante, se privant ainsi d'un partenaire dont la collaboration pourrait être innovative, originale et souvent plus économique.

B- LA SOCIETE D'EDITION ELECTRONIQUE

La Société d'Edition électronique réunira des producteurs et des câblodistributeurs dans une compagnie privée formée en vertu de la première (1ère) partie de la Loi des compagnies de la Province de Québec.

L'objet de cette société est de concevoir, de produire, de faire produire, de promouvoir, de financer, d'acheter et de distribuer mensuellement des programmes (éditions électroniques) aux câblodistributeurs participant et affiliés et par tout autre moyen, au Canada et à l'étranger.

Aux fins de réaliser cet objectif dans le contexte des lois fédérales et provinciales, la Société exploitera sous licence un réseau auquel seront affiliés les câblodistributeurs.

1- STRUCTURES ET FONCTIONNEMENT

Les câblo distributeurs et les producteurs seront propriétaires d'un nombre égal de parts communes de la Société et auront une représentation égale sur le Conseil d'administration.

Les câblodistributeurs et les producteurs pourront être actionnaires de la Société (sous réserve des actions de qualifications requises de part et d'autre).

Les décisions du Conseil d'administration de la Société seront prises à la majorité absolue plus une voix.

Le Président de la Société sera choisi par le Conseil d'administration parmi les candidats proposés par les câblodistributeurs.

Le Directeur général de la Société sera choisi par le Conseil d'administration parmi les candidats proposés par les producteurs.

Les câblodistributeurs s'engageront par contrat d'affiliation envers la Société pour constituer le réseau; ce contrat précisera entre autre les montants versés mensuellement à la Société ainsi que le nombre d'heures de programmation reçues par le câblodistributeur.

La Société sera mise en oeuvre lorsque la licence lui aura été accordée par les autorités compétentes et que ces dernières auront accueilli les requêtes en redressement tarifaire qui lui auront été présentées par les câblodistributeurs affiliés au réseau.

(extraits des structures et des mécanismes opérationnels en voie d'élaboration par les différents groupes qui constitueront la SEE)

C- DEFINITION DES OBJECTIFS

La télévision complémentaire aura comme buts principaux de distraire et d'informer ses publics dans le sens le plus large du terme. Elle s'insérera là où la télévision conventionnelle sert le plus mal ses spectateurs: la musique, l'opéra, le théâtre, la connaissance de l'homme, l'information en profondeur dans tous les principaux secteurs de l'activité humaine.

Elle s'efforcera de satisfaire les besoins précis de groupes d'auditoires spécifiques en s'assurant que la somme de sa programmation lui fournira la somme de l'auditoire nécessaire à son économie propre.

1-PUBLICS CIBLE

A l'encontre de la télévision conventionnelle, la télévision complémentaire tentera d'additionner le plus d'auditoires spécifiques possible en essayant de satisfaire les goûts et les intérêts précis des abonnés.

Cette orientation permettra à la Société d'Edition électronique d'aborder en profondeur des sujets dont l'intérêt ne rejoint pas forcément la masse de l'auditoire de télévision. Le choix judicieux des sujets, choix effectué en fonction des relevés de marché, évitera cependant d'en faire une télévision pour l'"élite". Chaque auditoire cible étant à priori considéré tel un auditoire spécialisé, il sera ainsi plus normal de satisfaire des besoins de connaissances qui auront même pu être amorcés par l'éclectisme et la superficialité de la télévision conventionnelle.

La télévision complémentaire considérera aussi comme "cibles" certaines couches de public laissées pour compte par la programmation de la télévision conventionnelle. Par exemple, selon <u>Patterns of Television Viewing in Canada, C.B.C.</u> (Juillet 1973), il apparait que par rapport à la moyenne des adultes, les plus de 65 ans sont les plus assidus parmi les spectateurs. Il ne semble pas que les grilles horaires des grands réseaux tiennent tellement compte de ce facteur.

Cette spécialisation de la programmation permettra -selon nous- d'aller chercher un auditoire qui a délaissé la télévision n'y trouvant plus son intérêt.

Il est significatif par exemple de constater que le nombre d'heures passé devant la télévision est inversement proportionnel au niveau d'instruction et que dans toutes les classes de la société, plus on est instruit, moins on compte sur la télévision. (Ref. C.B.C. Patterns of Television Viewing in Canada, 1973 — What the Canadian Public Thinks of Television, CBC 1974.)

On peut donc conclure que la télévision complémentaire jouera un rôle important en regroupant un public potentiel qui a délaissé la télévision et surtout en le regroupant par une programmation de grande qualité dont les éléments de base reflèteront vraiment la culture nationale.

2- PRODUCTION DE QUALITE

Un sondage de l'Institut canadien de l'Opinion publique (30 mai 1973) indique un fait troublant à savoir que les Canadiens, à quelques rares exceptions, préfèrent les émissions américaines aux canadiennes et qu'ils persistent à les regarder de plus en plus, même si la majorité (59 pour cent) estiment que la télévision américaine a beaucoup trop d'influence sur leur culture et leur mode de vie.

Etant donné qu'il est permis de supposer que l'attrait spécial des produits américains dépend en partie de leur qualité, qualité qui découle directement des sommes considérables consacrées à la production, la télévision complémentaire veut surtout tenir compte de la qualité et de l'originalité de la production,

en se restreignant constamment quant à la masse de production.

C'est ainsi qu'en se basant sur un redressement tarifaire universel d'environ $1 dollar destiné uniquement à la production, la Société d'Edition électronique serait en mesure d'offrir aux abonnés de 24 à 28 heures de programmation originale par mois. Les agencements horaires et la répétition de cette programmation assureront un emploi suffisant du canal destiné à la télévision complémentaire qui cherchera d'ailleurs à éviter de concurrencer la télévision conventionnelle aux heures de pointe de cette dernière.

La moyenne horaire des sommes consacrées à la production nationale serait d'environ $18 mille dollars. Si l'on considère que la moyenne horaire du coût de production dépasse à peine $2 mille dollars dans certains postes privés importants de télévision, on peut juger du soin et de la qualité qui entreront dans la fabrication de ces programmes. Nous estimons ainsi pouvoir également produire des émissions qui seront accueillies avec intérêt sur les marchés internationaux.

3- DEVELOPPEMENT DE L'INDUSTRIE INDEPENDANTE

Nous sommes d'avis que du développement adéquat de l'industrie indépendante de production dépendent la vitalité et l'originalité des entreprises de télévision.

C'est pourquoi la Société d'Edition électronique se fixe comme objectif primordial d'encourager et de promouvoir la production indépendante.

Dans le domaine du long métrage, par exemple, au moins 25 pour cent seront des longs métrages canadiens. (Ce quota que nous nous imposons sera calculé en "temps" ou en "argent").
Il est intéressant de noter aussi que le pourcentage de programmation de longs métrages représentera moins de 25 pour cent de la programmation totale et qu'il ne dépassera jamais cette proportion.

La Société se fixe aussi comme objectif de confier des mandats de production à au moins 25 pour cent des producteurs membres de l'Association des Producteurs de Films du Québec. (Cette association en 1977 groupe 48 producteurs de films et de bandes vidéo.)

Dès la conclusion d'une phase intérimaire d'implantation que nous ne croyons pas voir se prolonger au-delà d'une année, le contenu canadien de la programmation s'établira à plus de soixante pour cent de la programmation totale.

D- ELEMENTS DE PROGRAMMATION

Les éléments de programmation que nous avons élaborés ont été partagés entre deux grandes tendances: divertir et informer. Etant donné que nous avons basé cette programmation sur les revenus d'un redressement tarifaire universel spécialement destiné à la production de $1 dollar par mois, nous avons cherché à diversifier suffisamment de sorte que les abonnés individuellement et collectivement y trouvent leur compte et davantage.

1- L'EMISSION VEDETTE DU MOIS

A chaque mois, nous prévoyons de diffuser un programme vedette, une sorte de "block-buster" qui deviendrait le vaisseau-amiral de la production de la télévision complémentaire pour cette période. Chaque mois, le "marketing" et la publicité seraient axés sur cette émission dont la durée varierait entre 1 heure et deux heures.

Au cours de l'année, on retrouverait ainsi deux super spectacles de variétés, un opéra, un ballet, un concert symphonique, deux super spectacles de sport, cinq spéciaux sur film ou sur vidéo consacrés à des dossiers d'intérêt extraordinaire, des événements spectaculaires, des drames d'un intérêt humain particulier.

2- LONGS METRAGES

Quatre nouveaux longs métrages seront présentés chaque mois, soit un par semaine.
Sauf pour les films dans lesquels la Société d'Edition électronique aura investi substantiellement, ces longs métrages seront présentés à la

télévision complémentaire après leur exploitation normale dans les salles de cinéma. Un bon nombre de ces films seront nationaux selon les quotas mentionnés plus haut dans ce rapport.

3- LES AUTRES ARTS

Environ huit heures supplémentaires chaque mois seront consacrées à du théâtre, des concerts de musique de chambre ou de jazz, de la littérature, présentés dans des formats nouveaux de production, particulièrement adaptés à la télévision complémentaire.

4- LE SPORT

Environ quatre heures par mois seront assignées à la présentation d'événements sportifs dans une facture qui cherchera à se distancer de la représentation purement factuelle et instantanée de l'événement sportif.

5- INFORMATION

La télévision complémentaire mettra sur pied un système d'information sous forme de "digest" qui touchera à toutes les sphères de l'activité locale, nationale et internationale. Ce digest-information aura une heure d'antenne au moins par semaine et tentera de suppléer aux lacunes de la télévision traditionnelle dans ce domaine tout en fournissant aux abonnés un service que nous jugeons essentiel. Ce service de digest-information, à cause de sa nature, sera sans doute le seul à être assuré directement par la Société d'Edition électronique.

6-EDUCATION-INITIATION

Chaque mois, de quatre à six heures d'antenne seront consacrées à des séries de programme traitant d'éducation ou destinées à l'initiation à toute une gamme d'activités humaines. La production de telles séries sera envisagée en tenant compte de plusieurs facteurs: a) l'attrait exercé par le sujet pour les abonnés, déterminé par des études de marché; b) leur originalité de façon à en assurer la revente sur d'autres marchés; c) l'initiation graduelle de manière à monter des séries qui deviendront exhaustives dans un domaine particulier; d) la pérennité du sujet afin d'assurer une valeur marchande aussi durable que possible.

E- CONCLUSION

La Société d'Edition électronique, réunissant les principaux cablo-distributeurs et producteurs du Québec, demeure convaincue après un an maintenant d'études et de recherches que ce principe de télévision complémentaire devrait constituer la phase intérimaire à l'implantation d'une télévision à péage offrant des programmes payés à la pièce. La S.E.E. croit aussi que ce concept de télévision complémentaire est particulièrement bien adapté à notre marché spécifique et qu'il pourrait même servir de modèle à l'échelle canadienne.

Les signataires du mémoire original sur
la télévision à péage présenté au CRTC,
le 30 septembre 1976

au nom de la

SOCIETE D'EDITION ELECTRONIQUE

Montréal - avril 1977

Global
Television
Network

April 29, 1977.

Ms. Lise Ouimet,
Secretary-General,
CANADIAN RADIO-television
& TELECOMMUNICATIONS COMMISSION,
100 Metcalfe Street,
OTTAWA, Ontario,
K1A 0N2.

COMMENT
COMMENTAIRE
N-57

Dear Ms. Ouimet:

This is to confirm that the material submitted by Global in respect to Pay Television, dated October 1, 1976, will stand as our submission in response to the Notice of Public Hearing dated February 3, 1977.

We do not at this time wish to add or amend that submission, but wish to have it placed on file for the May 30th hearing.

Yours very truly,

John G. Craig,
VICE-PRESIDENT, FINANCE & ADMINISTRATION.

JGC:dmu

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MAY 9 1977
C.R.T.C.

Global Communications Limited
Toronto, Canada: 81 Barber Greene Road, Don Mills M3C 2A3/Phone (416) 446-5311
Ottawa, Canada: 150 Wellington Street, Room 102, Ottawa, Ontario, K1P 5A4/Phone (613) 237-2022

THE COUNCIL OF CANADIAN FILMMAKERS
Box 1003, Station A, Toronto, Ontario M5W 1G5. telephone (416) 869-0716

April 15, 1977

Lise Ouimet,
Secretary-General,
Canadian Radio-Television and
Telecommunications Commission,
100 Metcalfe Street,
Ottawa, Ontario

COMMENT
COMMENTAIRE
N-58

Dear Ms. Ouimet;

Enclosed is a copy of the Council of Canadian Filmmakers' report Pay-TV in Canada, which we wish to submit in response to the CRTC's request for further opinion on Pay-TV.

This report was not written expressly as a submission to the CRTC, and it therefore contains information which the CRTC may consider inappropriate. However, it does amplify our views,submitted to the CRTC last October, on the best structure for the introduction of Pay-TV in Canada. We felt that the CRTC would wish to see the entire report rather than a selectively edited version.

Our organization would like to request an appearance before the Commission during the Pay-TV Hearings beginning May 30. At that time we would like to expand on our proposal.

Thank you for your consideration.

Yours truly,

Sandra Gathercole

Sandra Gathercole
Chairperson

PAY-TV in CANADA

THE COUNCIL OF CANADIAN FILMMAKERS

PAY-TV IN CANADA

A Report Prepared

by the

COUNCIL OF CANADIAN FILMMAKERS

April 15, 1977


CRTC
PAY TV
CABLE
GLOBAL
CBC
CTV

TABLE OF CONTENTS

"I URGE YOU NOT TO UNDERESTIMATE THE MINISTER'S REMARKS AND SIMPLY CONCLUDE THAT THE INTRODUCTION OF PAY-TELEVISION IS CONSIDERED AS A MERE BROADENING OF ENTERTAINMENT CHOICE FOR SUBSCRIBERS. THE MINISTER'S STATEMENT HAS A NATIONAL SIGNIFICANCE WELL BEYOND PAY-TELEVISION. IT SHOULD BE CONSIDERED ... AS THE BEGINNINGS OF A NATIONAL POLICY OF 'CULTURAL SECURITY' FOR CANADA."

HARRY J. BOYLE
CHAIRMAN, CRTC
SPEECH TO CCTA
JUNE 2, 1976

INTRODUCTION

A sage once said you ought to be able to turn on your television set and at least know what country you are in. At least.

Canadian television leaves room for doubt. Pay television appears to have equal potential to exacerbate the Americanization of Canadian broadcasting, or to begin its reversal. Which effect Pay-TV will have depends on the model chosen for its introduction into Canada. That choice will be historic in its dimensions. It will affect the course of broadcasting in this country - and thus the course of the country.

There is no apparent disagreement over the goals to be set for Pay-TV. The Government has taken great pains to make it clear that Pay-TV is expected to serve the national interest, and to achieve that end by supporting the Canadian program production industry. The Minister of Communications, Hon. Jeanne Sauve, pointed out in her June 2, 1976, address to the Canadian Cable Television Association:

> "On introduction into Canada, Pay-TV must, however, play its part to ensure the growth and development of the Canadian program production industry and the broadcasting system. That system is under great strain because of the demands placed upon it for extension of service, and underdeveloped in its capability for program production, and as a creative outlet.
>
> The introduction of Pay-TV into Canada must be used to develop a truly Canadian production industry. We cannot lose this opportunity by focussing on new hardware or structures in isolation."

At the same time, Harry Boyle, Chairman of the CRTC, said:

> "I urge you not to underestimate the Minister's remarks and simply conclude that the introduction of Pay-Television is considered as a mere broadening of entertainment choice for subscribers. The Minister's statement has a national significance well beyond Pay-Television. It should be considered ...as the beginnings of a national policy of 'cultural security' for Canada."

The rhetoric is reminiscent of the introduction of private television or cable. Certainly no one called initially for either of them to

Americanize our broadcasting system - they just did. Their performance stands as living proof of the way in which theoretical goals can be displaced in practice.

Between promise and performance Canadian broadcasting has gone astray. The profit motive has defeated the cultural motive; the medium has taken precedence over the message. The result for Canada has been 1st class hardware carrying 2nd class Canadian content adrift in a sea of American programming.

Historically we have set up systems which were economically structured against Canadian production and then spent soul-destroying years trying to regulate, or cajole, our way back in. This past experience has left many people skeptical about the promised performance of Pay-TV.

CBC President Al Johnson expressed this widespread skepticism when he said, "Ask if Pay-TV will serve our national goals; if not, why are we doing it?". Mr. Johnson is right. Pay-TV must not be introduced if it serves only entrepreneurial, rather than social, goals.

However, Pay-TV is a whole new ballgame. Canada has no Pay-TV errors to overcome. We can design a system from scratch to accomplish the purpose Mme. Sauve described on June 2nd. The challenge - and the justification - in introducing Pay-TV will be to design a structure which will funnel revenues into Canadian program production in a way that theatres and cable have never attempted, and television has largely failed, to do.

This report will propose, as the best means of achieving these goals, a phased introduction of Pay-TV beginning with a universal mandatory publicly controlled Pay-TV network which requires no new technology, is carried on all cable systems as a condition of license, and which returns 75% of all revenues to programming. This introductory phase to be followed by a pay-per-program common carrier network when technology and economics make such a system consistent with the goals of the Broadcasting Act.

Following the Minister of Communication's June 2, 1976, statement on the introduction of Pay-TV, the Council of Canadian Filmmakers undertook a three part Pay-TV project. The purpose of the project was to provide a basis for informed discussion in the program production industry.

The project included the publication of a booklet, Pay-TV, which was widely distributed in the industry and included as a special section in the August, 1976, issue of Cinema Canada magazine. In the same month, CCFM organized a day long seminar, "Impact of Pay-TV on the Program Production Industry", which was attended by 200 production and media people in Toronto. The edited transcript of that seminar is the second volume of this report. The CCFM also participated in a joint submission from 220 organizations in the production, performing arts, and public interest sectors to the Minister of Communications urging that public hearings be held prior to any decision on the structure of Pay-TV in Canada.

The research study which resulted in this report, Pay-TV in Canada, was the largest part of the Pay-TV project. It included interviews with experts in the technological, economic, and legal aspects of Pay-TV; a comprehensive survey of the existing Canadian and American research; an investigation of selected Pay-TV systems in the U.S. and Canada, past and present; an analysis of audience viewing patterns and preferences; and consultation with officials responsible for communications policy in provincial and Federal governments.

Most of the existing research and experience with Pay-TV is American. This material is not always applicable to the Canadian experience. For this reason an opinion survey was conducted among representatives of the Canadian film and television industry on various aspects of Pay-TV and its presumed effect on program production in Canada. Fifteen proposals for Pay-TV in Canada were analysed; and an investigation made of Canada's current film production capacity.

This research report was prepared for the Council of Canadian Filmmakers by Kirwan Cox and Sandra Gathercole, with theoretical and practical help from many. Various aspects of the CCFM Pay-TV project were made possible by the generous support of:

The National Film Board of Canada
Ontario Ministry of Culture and Recreation
Canada Council
Ontario Arts Council
Department of the Secretary of State
PTN-Pay Television Network Ltd.
Canadian Film Development Corporation
Canadian Broadcasting Corporation
Ontario Ministry of Industry and Tourism

The opinions and recommendations in this report are those of the CCFM and do not necessarily reflect the opinions or policies of any of the above.

DEFINING PAY-TV

THE WIRED CITY

Information is becoming our biggest product. Edwin Parker and Marc Porat of Stanford University estimate that nearly half of the U.S. labour force is engaged in information-type activities. Kevin Phillips, writing in Harper's Magazine, describes this "information society" as a post-industrial revolution:

> "As of the 1970's, 30 to 40 per cent of the U.S. gross national product is accounted for by the production, consumption, and dissemination of knowledge. Not alfalfa, calico, rolling stock, or petroleum products- knowledge. The media in question may be government memos, school instruction, newspapers, television, foundation studies, legal briefs, computers, scientific evaluations, phonograph records, rock concerts, movies, paintings, statistical analyses, or architect's blueprints. Collectively, they have created a revolution as profound as the 19th century upheaval when manufacturing- now increasingly subordinated by the knowledge economy- moved ahead of agriculture."

If there has been a revolution in the message, we are on the threshold of a corresponding revolution in the medium. The "wired city" will provide the electronic interconnection of services/entertainment/information and will increasingly disseminate the commodities of the "information society". The television set will be an apparatus for an increasingly sophisticated gamut of services available in the home- including two-way communication. Financial transactions, correspondence, meter reading, educational services, newspapers, as well as entertainmnent, will be delivered to the public electronically rather than than the public delivering themselves to the information.

The technology to implement this "wired city" concept exists and it has the potential to absorb, or supercede, our existing delivery systems. The social, cultural, and economic ramifications are immense: even demographic trends could be altered. Most important, the "wired city" is not culturally neutral. The medium will carry a message, and that message will always have a cultural value, or bias. In this regard consider the cultural impact on Eskimo society of satellite-delivered television.

The technology of box office, or pay-per-program, Pay-TV is the technology of the "wired city". Seen in context, Pay-TV is simply one aspect- an initial entertainment-oriented aspect - of the "wired city" services which collectively might be termed "pay-information". As such, Pay-TV is in the vanguard of an information-handling revolution. Its introduction into Canada raises enormous and difficult questions about how the "wired city" is to develop and how our exisitng communications systems will adapt to it. Because the "wired city" will centralize control of many information services, it is mandatory that the system be carefully regulated in the public interest.

The initial structure of Pay-TV will establish significant precedents which will have to be appropriate and functional for the "wired city" in its entirety. Therefore, the public interest of the future is being decided by the Pay-TV decisions being made today.

ECONOMICS

There are three basic methods of financing television service: advertising; public subsidy;and subscription. Advertising and public subsidy are indirect as opposed to subscription which involves direct payment by the consumers of the service. When it came time to market the video miracle after the Second World War, American entrepreneurs considered both indirect advertiser financing, along the lines of network radio, and direct consumer financing, the method used by motion picture theatres.

From the early twenties,radio program production had been sponsored by advertising. This system became fabulously successful with national advertisers supporting national networking. However, an even more successful model was the motion picture business where the consumer paid directly at the theatre box office and her dollar was passed up the chain through the distributor to the program producer (exhibitor/distributor/producer were often the same company in the pre-1948 period in the U.S.).

The choice made for television in the United States was the radio model of indirect financing through an advertiser-supported network. The world we live in today has been shaped by that fact to an extent impossible to quantify.

Canada took a different course. It originally developed "public" television with a hybrid economic base - part advertiser, part public treasury funded - followed by private advertiser supported television, and fully public provincial systems.

From 1953 to 1958,a 15% tax on the sale of radios, television sets, and parts was set up to support CBC television which received a Government grant equal to this tax. The natural decline in set purchases, and the natural increase in the CBC budget, led the Government to abolish this "user-tax", or levy, in 1958 and simply fund the public television service from general revenue. But advertising has always been an important adjunct to the CBC's revenue base.

As a result, the CBC has been, in fact, semi-public rather than public, and prone to lowest common denominator program pressures which have pushed it into dependence on American mass appeal programming.

In 1960 CTV was established as Canada's first private, advertiser supported network. Global, a much smaller network, was set up in 1974 on the same basis. There are also private independent stations which depend on advertiser support.

The latest development has been provincial educational television systems (ACCESS in Alberta;OECA in Ontario;Radio-Quebec) which depend almost totally on government support. These are the true public television systems in Canada.

The direct subscriber support method of financing television has never been employed on a significant scale in Canada or the United States. The advent of cable in the sixties was not considered direct subscriber support of television because cable was defined as a utility delivering an improved signal rather than programming *per se* (although in Canada the real rationale and success of cable has been the delivery of American channels and programs).

Yet, since the very first years of television, entrepreneurs have dreamed of applying the motion picture model of direct financing to the television medium. Technical experiments have been undertaken by many companies, large and small, who saw fortunes in the hypothetical economics of U.S. or North American TV sets multiplied by one dollar per household for any single program. The press labelled these experiments "Fee-vee", "toll-TV", "turnstile-TV", "pay-as-you-see", or simply "Pay-TV".

The theory of such subscription television was easy but the reality was something else. Each subscription, or "pay", television system had to solve three basic problems:security;metering;and billing. This meant that a program had to reach only those people who paid to see it(security), and that an efficient method of collecting payment (billing) for only those programs actually watched (metering) had to be devised. Metering was necessary for most of the early experiments because they were pay-per-program systems.

Over the past twenty-five years the problems have remained the same. Only the solutions have changed. Even today the wide range of Pay-TV

systems indicates the right solution has yet to be found.

The Economic Base of Canadian Television

The economic base of Canadian television is incredibly inefficient: it is inadequate for the degree of service developed and expected, and it starves program production at every level. Canadian television is extremely under-financed because there is neither the advertising revenue, nor the public revenue, to maintain the type of complex, public/private, bilingual, continental, television service which Canada has developed. This basic fact has been hidden by the massive importation of "dumped" American programming which allows the illusion of high-quality production to be maintained for a fraction of the actual production cost. Feeding our system with expensive American production, bought at bargain basement prices, has made Canadian production qualitatively uncompetitive. The result of the economic conundrum has been the Americanization of Canadian television: an expensive "bargain" in terms of cultural integrity.

The cable explosion of the last ten years has compounded this problem. In addition to delivering U.S. channels, it has increased viewers for the Canadian UHF stations it delivers, such as CITY or OECA, but Canadian VHF audiences have been fragmented and advertising revenue has been dispersed. Cable has thus intruded on the Canadian television system - a system operating on half its potential advertising revenue base, with its public revenue base fragmented between often competing Provincial/Federal television systems without providing any revenue for Canadian television production.

Failure to cope with these basic problems is only partially the fault of the CRTC. In many cases it has been thwarted by political considerations arising from the fact that Canadians have come to expect American television and radio as their birthright.

ADVERTISING

Advertising revenue of the Canadian television system is approximately

$250 million less than it should be. In the U.S., the total television advertising revenue for 1975 was $5,325,000,000. In Canada, total television ad revenue for 1975 was $245,000,000. (1) Advertisers pay approximately 4-5 cents per hour per viewer delivered. If the Canadian market is one-tenth the size of the American market, which it is demographically speaking, then Canadian television should have received $532 million in advertising, rather than $245 million, in 1975.

Public subsidy has been compensating for this lost revenue but too much of the Canadian television system is dependent on advertising revenue not to be dramatically affected by this economic reality.

Part of the "missing" advertising money is spent directly on U.S. border stations which beam into Canada. The CRTC has estimated that $20 million leaves the country for these border stations every year. KVOS-TV in Bellingham, Washington, depends on Canadian advertising for 90% of its total ad revenue.

Another part of the potential ad revenue is lost because Canadian advertisers spend less of their ad dollar on television than their American counterparts. American advertisers spent 19% of their total advertising dollar in 1975 on television, compared to 14% for Canadian advertisers. (2) The reason for this discrepancy may be that Canadian branch-plants depend on parent company advertising to sell the common product. Multi-national advertisers may be satisfied that they reach the Canadian consumer through U.S. media in Canada - everything from U.S. channels delivered on cable to major magazines prominently displayed on every Canadian magazine rack.

This spill-over factor appears to be the primary explanation for the $267 million discrepancy between money actually spent to reach the Canadian television viewer ($245 million plus $20 million) and the amount which should be spent ($532 million). However, the demographic characteristics between the two countries are so similar that no satisfactory explanation can account for all of it. The missing ad revenue may be another hidden cost of a branch plant economy.

Despite the fact that the revenue base for private television - and a large part of public television - in Canada is half what it should be, private broadcasters are not showing signs of suffering. According to broadcasting consultant Dr. Robert Babe, the average after-tax profit of private broadcasting stations in Canada is 30%. Dr. Babe points out that the 14 largest stations "could have spent an additional $25 million on programming (42% more than actually expended) and still have earned a 20% return after tax (assuming a 50% tax rate)." (3)

This level of profitability can only be maintained by depending on cheap "dumped" foreign programming, while expensive domestic production is cut back to the minimum politically acceptable level. Had there been no regulatory agency such as the CRTC concerned with the foreign content of Canadian television, financial considerations would likely have led the private broadcasters to depend entirely on foreign programs just as the motion picture theatres have done, and continue to do, because of regulatory indifference.

The real repercussions of the inadequate financial base in Canadian television are passed on to the independent program production industry which pays in the low budgets allowed for production and in the work not generated. The weakness of this system has been amply demonstrated by Prof. Hugh Edmunds in his report on English-language television and the independent program production industry. (4)

The advertiser-based television system in Canada creates another problem. While advertising revenue is not sufficient in Canada to generate high quality program production, the fact that so much of Canadian television, including CBC, is dependent on such revenue does create pressure for lowest common denominator or mass-appeal programming. Advertising must reach the mass audience to generate sufficient revenue to make the system function. At a certain level, a program cannot be economically supported by advertising. In Canada that level may be a half million viewers or more.

An ad-revenue based television system is not going to generate minority audience programming, special interest programming, or even genuine variety in programs, because all the tenets of commercial broadcasting

"THIS COUNTRY SHOULD NO LONGER TOLERATE A SITUATION WHERE THE PUBLIC INTEREST IN SO VITAL A FIELD AS INFORMATION IS DEPENDENT ON THE GREED OR GOODWILL OF AN EXTREMELY PRIVILEGED GROUP OF BUSINESSMEN."

SPECIAL SENATE COMMITTEE
ON MASS MEDIA, 1970

mitigate against it. In an advertising-based system, the program is the filler around the ad which gives the ad its value. Advertisers believe the best way to reach the largest number of people is with undemanding or unstimulating programming, on the assumption most people want to be pacified by television - the rest of their day is stimulating enough.

The difficulties rationalizing an advertiser-dependent television system with the public interest became crystal clear at the CBC licence renewal hearing before the CRTC in 1974. The CRTC decided at that time that the CBC should reduce its dependence on advertising. The difficulty enforcing that decision has shown the extent to which the public network is not, in fact, public. Much of the advantage for minority audience, or public interest, programming, which is the rationale for publicly-funded television, is lost in the case of the CBC because of its duality as a part public and part private system.

The primarily advertising-based television system in Canada is not serving the country well. It is providing the negatives of such a system - lowest common denominator programming - without providing the benefits - large amounts of money for production. It is not generating the sums of money it should be generating, and it has helped to develop a television service overwhelmingly dependent on foreign mass appeal programming which is available for less than 5% of its actual cost. This "dumped" programming has been a major factor in the underdevelopment of a strong Canadian program production industry.

PUBLIC SUBSIDY

Government broadcasting policy, from its beginnings in the Aird Report in 1929 on down, has, of necessity, been based on the concept of a public system. Such a policy is simply acknowledgement of the Canadian reality: a relatively small population, dispersed across a vast geography, which requires service in two languages. Given that reality, public goals could not have been accomplished with any but a publicly-subsidized broadcasting system.

The primary public goal of the Canadian broadcasting system has been the delivery of the signal, rather than the content of that signal. Whenever there has been a conflict in allocating resources between the extension of broadcast signal and the production of programming, the latter has given way to the former.

The irony of this policy has been a broadcasting system with first-rate hardware delivering second-rate Canadian programming. Canadians have accepted this system because it incidentally delivers first-rate American programming.

The result has been predictable. English Canadians spend two-thirds of their time watching American programs. In Toronto that rate is closer to three-quarters of viewing time and higher still among the young audience.[5] During prime time, almost 25% of the CBC and CTV schedule is simultaneously foreign-content. Thus Canadians have <u>no choice</u> but to watch American programming during many of those hours.

CBC should be addressing itself to this problem, but it is not because it hasn't enough money to simultaneously produce high quality programs for two separate television networks (French and English) and extend coverage to all corners of the country.

While the CBC does not have enough money to do all the things it "should" do, it often doesn't seem sure what to do with what it has. Should it try to reach the mass audience with American programming? Or the minority audience (which should not be confused with an upper class audience)? Or both - if that is possible?

One example of the perceived failure of the CBC is the fact that the larger provinces are setting up their own provincial television systems (ACCESS in Alberta, OECA in Ontario, and Radio-Quebec) under the constitutional guise of educational programming. The feeling that public television has failed, at least in English Canada,is evident in the number of Canadians who turn to these provincial channels, or even to the American PBS. It was also evident in the anguish released at the CRTC licence renewal hearing for the CBC.

While it is true that English CBC has not produced enough high quality programming (other than news and public affairs) and has not filled its mandate to provide alternatives to the commercial system, it has the defence of being in an untenable situation. Whichever way it turns, the goals which the broadcasting policy has set for public television do not seem within the economic means of the CBC with its $290 million (in 1975) Parliamentary appropriation.

SUBSCRIPTION

Subscription television is any system funded by direct viewer support, rather than by advertising or public subsidy. Subscription support can be combined with other forms of financing. When television viewers send money to support PBS or CJRT radio in Toronto, they are subscribers, although these systems are not wholly subscriber supported. Cable television is wholly subscriber-supported and is true subscription, or pay, television.

The present discussion of "Pay-TV" really deals simply with adding another tier of programming, for another fee, to an existing Pay-TV system. The first tier, for which a subscriber pays at the present time, is delivery of the basic twelve channel service. This includes a locally originated community channel and the importation of distant (usually American) channels. In some cities like Edmonton, American channels are unavailable except with cable, no matter how sophisticated an antenna the viewer has. Thus the basic cable service is largely an American rebroadcasting subscription station.

The second tier presently available is converter service which adds a potential 24 channels. This service is only available in the larger cities where pressure on the VHF channels is intense. In the south shore communities near Montreal, Videotron has combined both tiers into one price and one service. Every subscriber gets a converter and the locally-originated channels. This is a universal system, rather than a tiered system, and nothing distinguishes it from a universal Pay-TV system, such as San Jose in the U.S., except the program content. Videotron does not offer movies on its local origination channels (as San Jose does) but it offers a great deal of original programming.

Last year, cable television in Canada had 2.7 million subscribers which is 44% of all television households. The gross annual revenue was $160 million. Monthly charges vary from system to system but the average profit for all systems is 22% before tax.[6] The cable industry at this point has amortized its original investment and, despite larger capital expenses than originally estimated, cable profits are now increasing. Despite its financial health, the Canadian subscription television industry has not been required to support Canadian production to any appreciable degree. The cable industry has spent an average of 3.4% of its revenue on program production, compared to 32% for private television.[7]

The main asset of subscription television is its potential to radically alter the economic base of the Canadian television system. Subscription television (especially on a pay-per-program basis) can make minority-audience programming economically viable and mass-appeal programming extremely profitable. An advertiser will pay 5 cents per hour per viewer for a program that might be worth one or two dollars to the consumer if he could pay for it directly. For example, 25,000 subscribers paying $2 each will raise $50,000 which would require 1,000,000 viewers at 5 cents each if paid by an advertiser.

Minority audience tastes are not being met by commercial television for obvious reasons. Even public television is limited in what it can program. Yet direct consumer subscription, on a pay-per-program system, allows 25,000 viewers to express the intensity of their program desires and thus gives them the same economic power that 1,000,000 viewers have in an advertiser-supported system.

Despite these dazzling economics the fortunes many Pay-TV entrepreneurs foresee may not materialize, and if they do, they may wreak havoc in other entertainment areas because there is a limit to the total amount of consumer spending on entertainment. Money spent on Pay-TV or videodisks has a natural limit, and may cause a decline in spending on some other leisure or entertainment area. One study in the U.S. indicated that all consumer spending on media entertainment and information (newspapers, magazines, books, radio, TV and motion pictures) has remained

relatively constant from 1929 to 1968 at 3.04% of total consumer spending. (8)

But the fact remains that subscription television can be qualitatively different from advertiser or public television because it has a more direct connection with the consumer. Depending on how it is programmed, that can mean more money for mass-appeal programming or it can mean enough money for minority-audience programming because, for the first time, the minority audience has the economic leverage to transform their desires into programs.

Canada at present has 3 million cable subscribers and is the most extensively penetrated cable television market in the world, although we do not have the largest cable market since there are over 10 million cable subscribers in the U.S. If Canada's 3 million cable subscribers formed the base for a Canadian pay television service, then many of the handicaps of the underfinanced advertiser/public supported television system could be overcome.

Economic Structure Of Pay-TV

Pay-TV can be defined by four variables. Two variables are technological alternatives for delivery: cable or broadcast distribution of the subscription signal. These questions are dealt with in the section on technology. The other two variables deal with the economic definition of the unit of programming being sold to the subscriber: either a channel or an individual program.

Conventional television is, by definition, a per-channel system. While Pay-TV can be delivered on a per-channel basis, its uniqueness lies in its ability to be sold on a per-program basis. The decision to sell programs by the channel or by the program affects the basic structure of the subscription system, and the type of programming the system carries. Pay-per-program is a "box office" format analagous to the box office purchasing of sports events or movies. It is literally a box office in the home, hence the accuracy of the Home Box Office

appellation. Pay-per-channel is a "magazine" or package format where the customer buys the package and selects from it what is of most interest - a system familiar from years of regular television viewing.

PAY-PER-PROGRAM: BOX OFFICE FORMAT

This method of payment has several advantages. It allows the subscriber the greatest freedom of consumer choice: he can register the intensity of his desires directly with the decision to buy or not buy each individual program. Experience in Columbus and Toronto with pay-per-program movie channels indicates subscribers buy about 2.5 movies/programs per month.

The subscriber doesn't feel, as he does on pay-per-channel, that he has paid for programs he doesn't like. Also prices can be tailored for individual programs. The ultimate price pattern would be the result of experience, though right now pay-per-program systems tend to emulate commercial theatre prices. Program producers themselves favour a pay-per-program system because the more popular programs will generate and return to them substantially higher revenues than they can expect on per-channel systems at the present rate of 1.5 cents per subscriber per showing. Every producer is naturally optimistic about the response his product will receive in the marketplace.

However, the true advantages of pay-per-program would become apparent with multi-channel delivery, which would make the space taken up by each program very inexpensive. Multi-channel pay-per-program is really an electronic store with a wide variety of products available probably on a 24 hour per day basis. Such a system, therefore, has room to permit true minority interest programs to reach their audience whereas, on a single channel system, a minority interest program is keeping a mass appeal program away from the consumers, or so the operator will see it.

Because pay-per-program systems, like theatres, buy products on the basis of a percentage of gross revenue, there is no minimum program

return required by the subscription TV operator. If there is a monthly service charge (as there is in Columbus) to cover operation overhead, then an audience of 1% or 2% still generates profit for the system.

The quantity of programming required on pay-per-program systems is not as great as it is on pay-per-channel. Because the latter "looks" like a regular television channel, subscribers expect a similar quantity of product. Per-channel operators in the U.S. have received complaints about too many repeats because the subscriber thinks he is paying for everything on the channel, including the repeats. Per-program could repeat more often because the subscriber wouldn't see the program unless he paid for it and, no matter how many repeats, he would know he had only paid for the programs he actually saw.

Pay-per-program works very well with a common carrier approach to networking i.e. only the scheduling is up to the network: what programs are available is up to program producers, and what programs are purchased is up to the consumer. This democratizes programming power and increases program access to the system. As a result there is no outside pressure - from the advertiser, or from Parliament - on the network to impose "standards" to maintain its economic base.

The major disadvantage of pay-per-program systems are technological. Such systems require very expensive equipment at the head-end and at the subscriber's terminal, which means a major capital investment in hardware. Broadcast delivery pay-per-program systems require even more expensive technology than cable pay-per-program systems (unless a cable system has to be built from scratch for Pay-TV service, in which case the cost is equivalent to that of broadcast delivery).

Another serious drawback of a pay-per-program system in Canada is content. In its present state, the Canadian program production industry could not compete successfully with expensive imported product. Unless there was an extremely high Canadian content quota,American programming would be likely to attract the subscribers' entertainment dollars and Canadian programming might well not be selected until after the entertainment spending ceiling had been reached.

Presumably there will, in time, be an inexpensive pay-per-program technology, and a competitive Canadian production industry. Until that day arrives, pay-per-program Pay-TV should not be introduced in Canada.

PAY-PER-CHANNEL:MAGAZINE FORMAT

Pay-TV in the United States is almost exclusively pay-per-channel. A block of programs are delivered to the subscriber on a special"secure" channel, usually on a monthly basis. This service amounts to a third tier of the basic cable service (after the basic 12 channels and converter service).

In the U.S., the Pay-TV channel usually costs in the vicinity of $8/month in addition to the basic cable rate, and delivers 8 new movies per month. Home Box Office delivers 12 hours of Pay-TV programming each day (60% movies; 20% sports; and 20% other). This includes many repeats. Some U.S. systems offer the complete Pay-TV menu programmed by a distributor such as Home Box Office. Other systems program their own schedule on a "standalone" basis, picking and choosing films from a company such as Telemation Program Services. About 60% of U.S. Pay-TV subscribers are serviced by HBO, and 25% are serviced by TPS. These two Pay-TV distributors recently joined together and now cover between them 85% of the American pay-cable market.(9)

All U.S. systems deliver the service via cable and on a pay-per-channel basis, with the exception of Columbus, Ohio and a small system in Northampton, Pennsylvania, both of which use pay-per-program formats.

The major advantage of pay-per-channel is that it uses much simpler and cheaper technology than pay-per-program because it does not require monitoring of individual programs. In fact, a pay-per-channel system on a universal basis eliminates the need for specific technology of any kind.

Pay-per-channel also has the advantage of facilitating cross-subsidization of production. Mass appeal programming attracts the mass audience to the channel and a percentage of the income thus generated can be spent on minority interest programming. This is the theory behind CTV: American mass appeal programs attract advertising revenue which then is supposed to pay for production of Canadian programs. The theory is not perfect nor is it exclusive to pay-per-channel: pay-per-program systems can do the same thing. However, on pay-per-program

systems such a practice amounts to a levy and becomes a more visible target for negotiation between the Pay-TV operator and producers affected.

Pay-per-channel can guarantee special interest programs a minimum audience - that which is watching the channel. A pay-per-program system cannot guarantee minority programming any audience. Therefore, on a channel system, a ballet will likely be seen by more people than on a per-program system. This does not mean that a channel system will pay more money than a program system for a ballet, but it does mean that more people are likely to view the ballet because they happen to be watching the channel.

The fact that every program is part of the attraction of the channel can be a disadvantage since subscribers tend to assume that they are paying for everything on the channel and are more likely to disconnect if they don't like some of the programming offered.

Another disadvantage of pay-per-channel is linked to the above. Because per-channel looks like regular television, it requires similar quantity of programming to fill out the schedule. The subscriber feels cheated when programs are repeated or are poor quality, in a way which does not apply to pay-per-program systems, and he also feels cheated if there isn't "enough" programming. The demand for quantity adversely affects the quality of programming on such systems.

Although a per-channel Pay-TV system needs a much smaller audience to support programs than advertiser-based commercial television does, per-channel Pay-TV manifests the same mass appeal programming tendencies of commercial television. As a result, it does not alter the basic economics of television to the extent that pay-per-program Pay-TV does.

Pay-per-channel is actually an intermediate step between basic cable service and the promise of Pay-TV with its greater personal choice in programming, which can only be delivered on a pay-per-program system.

Summary

There are three basic methods of financing television: advertising, public subsidy, subscription, or a combination of these. Canadian television, including cable, uses all of these methods but program production is still starved because the Canadian broadcasting system does not support indigenous quality programming and relies on dumped foreign programs for mass appeal entertainment.

Canadian television advertising revenue is about $250 million less than it should be for a developed country with 22 million people. This would appear to be a hidden cost of the branch plant economy. Public subsidy does not entirely compensate for this missing revenue which shows up in under-financed program production budgets. This ongoing shortfall of program production funds is aggravated by Government policy which puts a priority on technology. Canada has an experimental communications satellite, but no English-language dramas comparable to the top twenty foreign programs in popularity.

Together, public subsidy and advertising revenues have failed to provide sufficient funds to produce quality mass-appeal programs. Subscription revenues collected by cable companies do not support professional program production at all. Funding Canadian program production is the most pressing problem within the broadcasting system and Pay-TV should be used to solve it. Application of these revenues to program production is the easiest method of reversing the economic impasse which the Canadian broadcasting system has reached.

Pay-TV breaks down into two basic formats: pay-per-program and pay-per-channel. Pay-per-program allows consumers rather than advertisers to program their television diet. Direct program purchasing allows the minority-audience to finance minority audience production which would be uneconomic on advertising-based systems.

The major disadvantage of pay-per-program systems is the need for expensive technology - the black box - to monitor and secure programs. At the present time such technology is both expensive and unproven in the field. High technology systems necessarily reduce the revenue available for program production.

The other format is pay-per-channel which doesn't allow the consumer as much feedom of choice as pay-per-program does. Programming belongs to the operator and the program producer does not know how many people are watching his program. Therefore, he negotiates a flat fee rather than a percentage of his film's gross. The major advantage of this format is inexpensive technology which does not need to monitor each program. In fact a univeral pay-channel requires no technology at all to secure the signal. The major disadvantage is that the consumer is more likely to disconnect because he believes he is buying every program including the ones he doesn't like.

The objective of Canadian Pay-TV must be program financing and that means the Canadian Pay-TV system cannot afford high priced pay-per-program technology which will divert funds from production. In the future, pay-per-program technology will no doubt be much cheaper and more reliable. At that time, and not before, such a system should be considered.

TECHNOLOGY

If any telecommunication system is broken down into its elements, five basic functions emerge. These are the program, (input); the means of distribution; information storage (memory which is an optional function); control (switching, or traffic flow); and display (output such as the television screen).

With the exception of universal systems, pay television depends upon a distinction between those who pay and those who don't. The unique aspects, therefore, of Pay-TV technology are information storage and traffic control. The Pay-TV terms for these functions are metering and security respectively.

With pay-per-channel systems, all customer billing is identical so the only requirement of pay-per-channel technology is that is distinguishes paying and non-paying viewers (security). However, with pay-per-program systems each bill is unique. Technology for pay-per-program must, therefore, keep a record of the programs viewed by a subscriber (metering), as well as make the programs secure from non-subscribers (security).

The need for the additional metering function is the reason pay-per-program technology is relatively expensive and complex. This expense and complexity has been a major factor in the failure of pay-per-program systems in the past. Most entrepreneurs have been reticent to start such difficult and unproven systems when the cheap and reliable "channel" approach seems to offer fewer problems.

Security

CABLE SYSTEMS

A Paul Kagan survey of the method of security used by 185 pay-cable systems in the United States showed that:

1) 86 systems use a descrambler or converter only
2) 76 use traps

3) 21 use a combination of both descrambler/converter and trap

4) 2 are universal and don't use security devices (see San Jose case study)

This survey broke down the brand name of security devices used by some of these pay-cable systems. Systems using both traps and "black boxes" are counted in both columns and account for the increased total in the second list of those using boxes.

Boxes (descramblers/converters)	
Jerrold	61
Oak Ind.	29
Digital	14
Tocom	1
Hamlin	1
Own Brand	1
Total	107

Traps	
Pro Com	14
Coral	6
Vitek	5
Microwave Filter	5
Hamlin	3
Magnavox	1
Own Brand	5
Total	39

(1)

a) Negative Traps

The negative trap or "notch filter" is attached to the cable outside each non-pay subscriber's home and blocks reception of the pay channel.

Negative traps are extremely cheap. Most sell for $5 to $8, with Pro-Com offering a $3.50 model. However, since they must be placed on all non-subscribers the actual price per pay-subscriber is greater the lower the Pay-TV saturation is in that cable system. The cost of labour to install and remove traps is greater than the cost of the hardware. At 27% pay penetration, one system operator found it cost him $16 per pay-subscriber to trap out the 73% of the cable system's homes not taking Pay-TV. With a $6 trap in a system with 20% pay-subscriber penetration, cost per pay-subscriber would be at least $30 including installation labour.

Once traps are installed in a system there is no new capital cost and the fact they are installed outside the home makes connection or disconnection much easier than it is for in-home devices. The problem with traps is the

ease with which they can be circumvented. A subscriber can easily tamper with one and get free Pay-TV. Field results have been described as "mixed". Traps can only be used inside each apartment in buildings wired on the "riser" basis where the units are connected in series. This is not considered practical.

Traps alone are not considered satisfactory security, but most operators who use traps say they are biding their time with a cheap low-security technology waiting for something better to come along. Traps have helped simplify Pay-TV technology and they are a major reason for the pay-cable boom since many of the small U.S. systems couldn't have tried Pay-TV without a cheap security device.

b) Addressable Tap

This device is an electronic gate which opens or closes letting the television signal pass or not. It can be turned on or off from the head-end. Addressable or "smart" taps are considered to be the answer to many of the problems of traps, but they have not been fully field tested.

The Rediffusion subsidiary in Toronto, Delta-Benco-Cascade, is one of the main leaders in the development of these devices. Their tap uses fully solid-state circuitry and it is adaptable to pay-per-program. Per-program taps need a feedback system from subscriber to head-end which then regulates the tap by computer. Such a system functions like a remote-control negative trap. It is still 2 - 3 years away from wide use.

Taps carry up to 2 Pay-TV channels with four outlets and each tap can service four subscribers. One tap is needed for every four homes passed by the cable, whether or not the homes are subscribers. In practice, one tap would probably be required for every 3 houses. However, Delta-Benco suggests they can be installed selectively in high disconnect areas. They believe a smart tap is an economic alternative to traps if a system has a 25% "churn", or turnover, annually as many do, especially in areas with high density apartment buildings.

A tap which simply turns basic cable service on or off costs $80; with an

additional Pay-TV channel it costs $110; and with two channels it is $135. Their price and newness have kept them from being widely used, but the interest in smart taps is very strong.

c) Descramblers/Converters

Channel converters are often used in the U.S. as a form of Pay-TV security. The Pay-TV signal is transmitted on a non-standard part of the radio frequency spectrum which cannot be tuned on channels 2-13 and requires a converter for reception. Because converters can be easily aquired, they are usually used in combination with a negative trap. Without such a backup device, converters are not adequate for Pay-TV security.

Scrambling-descrambling can provide better security than traps or converters, or even taps, if the system is sophisticated (and expensive) enough. The technology has been in use in a number of medium-security systems over a period of years. It functions via an encoder or scrambler at the head-end of the cable system that transmits the audio or video, or both, in an unrecognisable form which a decoder or descrambler at the subscriber's house changes back to the normal pattern.

Descramblers used on cable systems are less expensive than descramblers for use on over-the-air systems. Cable descramblers cost in the $30-$60 range, depending on the channel capacity, though partial descramblers are even cheaper. The less secure scramble filter, or positive trap, costs only $7.50-$10. Over-the-air descramblers are in the $100-$200 range because they have a pay-per-program capability. This is one reason over-the-air Pay-TV has been slow to develop. However, Wometco Corp. is planning to use a pay-per-channel descrambler, in a new over-the-air operation in New York, which would be only slightly more expensive than a cable descrambler with similar capability.

The major manufacturers of cable descramblers are Jerrold in Philadelphia and Oak in Chicago. Magnavox sells a $17 descrambler which interferes with the video, but not the audio (the audio/video descrambler costs $55 and a video descrambler/converter combination is $32.) Blonder-Tongue is better known for its over-the-air technology, but it has a descrambler

in use in a Utica, N.Y. cable system. This box prints out a ticket which is sent back with payment. There is a pay-per-program capability, thus the box costs about $125.

d) Positive Traps

A recent development is the scramble filter or positive trap. This system, while called a "trap" is, in fact, more like a descrambler. It sends out a strong interfering signal with the television picture which has the effect of scrambling it. The positive trap screens out, or filters, this interfering signal making the picture clear. Without the filter, the picture is not watchable. Tanner Electronics (TEST Inc) in Van Nuys, California, is manufacturing such a device which removes an interfering signal sent along the cable between the video and audio parts of the transmission. The security on this system is not strong and the device is placed in the home which, as a rule, should be avoided. The head-end scrambler costs $1,050 and the subscriber's filter costs $7.50.

The biggest problem with these boxes is that the cheaper models cannot have the code or scramble changed unless they are brought into the shop. That means that a stolen box can keep descrambling a Pay-TV signal forever. Jerrold's John Sie estimates that only 4.2% of descramblers are lost per disconnected subscriber. Other estimates are higher. As time goes by, this problem will become more serious and descramblers will probably be available on the same basis as converters. More sophisticated descramblers (such as the Pay Television Corp. system described below) solve this problem, but they are very expensive.

New boxes are being designed for particular needs. For example, Mark Schubin, technical consultant for Lincoln Center in New York, has designed and patented a box for their Pay-TV program which provides audio security rather than video security. At Lincoln Center it is believed that the type of programming they will do (ballet, opera, symphony, etc.) cannot be enjoyed without the sound. Thus the video is sent clear, but the sound is not. The Schubin box does not have a per-program capacity, but it does provide stereo sound. The cost is estimated to be $35 and a 700 home test will begin in the near future.

BROADCAST SYSTEMS

Over-the-air Pay-TV is still referred to as STV (meaning Subscription Television). In fact all Subscription Television at present is cable delivered.

Previous over-the-air experiments broadcast a scrambled signal from a transmitter so non-subscribers received a scrambled picture. Subscribers had a decoder/descrambler which restored the picture. The box then marked a ticket which was mailed back for billing, or the box was connected to the telephone system which metered program consumption. However these all proved inefficient.

All broadcast Pay-TV systems have a common difficulty: the feedback or upstream problem. How do they get the billing information back to the operator? That problem is not critical for pay-per-channel systems, but broadcast systems have almost all been designed for pay-per-program.

At the present time, no over-the-air Pay-TV systems are in operation. However, new prototypes do exist and there is a great deal of activity. The FCC expects a system will be in operation within one year in the U.S.

The FCC has accepted six over-the-air systems for use in the U.S. They are:

Manufacturer	System Name	Date of FCC Approval
Zenith Radio Corp.	Phonevision	1970
Blonder-Tongue Lab	4745 (BTVision)	1971
Teleglobe	410	1973
System Development Corp.	SDC	1974
Oak Industries	Model I	1975
Pay Television Corp.	PTV System - 3	1976

(2)

Basically there are three competing systems: Teleglobe, Blonder-Tongue, and Pay Television Corp. (which has assimilated SDC and Phonevision). Oak's Model I has been described by one FCC staffer as a "simple" box with no per-program capability. Teleglobe has a pay-per-program capability and

uses a card for feedback. Cost has been estimated between $125-$195. Teleglobe appears to be working on adapting its system to a telephone-feedback system.

Blonder-Tongue's BTVision box prints the program number and price on a ticket which the subscriber mails in monthly with his payment. However, if these boxes are stolen or otherwise lost, they continue to unscramble the broadcast signal. The security is lost with the box.

Pay Television Corp. has a sophisticated system which solves the "floating box" problem. Their brochure lists the hurdles which they believe a successful Pay-TV system must meet:

"1) The encoder which is installed at the TV station must be able to scramble the picture and sound in a secure manner so that the TV home viewer cannot unscramble the picture or sound without using a decoder. If the home viewer can unscramble the picture and sound by making adjustments on the TV set or with the aid of inexpensive equipment, it will not be necessary to have a decoder and the home viewer will obtain Pay-TV programs for free.

2) The decoder which is installed in the subscriber's home must be able to unscramble the picture and sound without adversely affecting the quality of TV reception or making it more sensitive to outside interference. If the unscrambled picture and sound becomes more sensitive to interference from electric appliances, trucks and airplanes, or if the quality is inferior, subscribers will be less apt to view and/or pay for Pay-Television programs.

3) Once the decoder is installed in the subscriber's home, there must be a way to "turn off" the decoder if the subscriber fails to pay for programs. If the decoder cannot be "turned off", the subscriber can continue to view Pay-TV programs without making payments. It also increases the probability of decoder theft since the decoder can be used in any part of the TV market and with any TV set.

4) The decoder must be easy to operate. Most home viewers select programs on an impulse basis. If programs must be purchased in advance or if subscribers must use the telephone or some other device to view programs, they are much less likely to view Pay-TV programs. Furthermore, complicated systems are more apt to break down resulting in increased maintenance cost and loss of program revenues.

5) The decoder must have the ability to bill subscribers on a flat monthly basis or an individual program basis or a

> combination of both. Some programs such as major sporting events, outstanding motion pictures and special productions will not be available to Pay-TV except on a per-program basis. Program suppliers want their programs billed on an individual basis and home viewers prefer this method of program selection and payment. Furthermore, many more programs can be offered to subscribers each month if some or all of these programs are billed on an individual basis. If the decoder cannot bill programs on an individual basis, the quality, quantity and potential revenue of programs will be limited."
> (3)

The brochure goes on to suggest that the Pay Television Corp.'s Mark 3 box meets these requirements. This decoder is an indirect descendent of the Zenith model used in Hartford in the 60's. Canadian Ray Sutherland took over Pay Television Corp. which acquired Zenith subsidiary TECO and the Phonevision patents. Sutherland gave the technology to Electrohome in Kitchener, Ontario (the largest Canadian manufacturer of television sets) to develop. The Mark 3 is the result. It is an extremely secure system.

A good technical description of the box was printed in the Paul Kagan Newsletter:

> "The device weighs 8 lbs., measures 8½x12½x5½. It accepts an IBM card in a slot on its left-hand side; the card has two sets of 80 columns, thus can handle 160 programs per month (card must be reversed by the viewer if selection of program is made from numbers 81-160). A "power on" switch connects viewer's set to UHF antenna, disconnects VHF (there is a "hold" option that would permit viewer to switch back and forth from STV station to VHF channel). Box has capacity for 3 Pay-TV channels and a register light that confirms proper card has been inserted (box i.d. codes vary so that each card fits only one box for one month in a specific marketing area). A slide device is used to pick a pgm. from #1 to #80, a "select" light confirms the selection is correct, then the select knob must be rotated to complete the transaction. At that point, card is punched noting which program was selected. Further option is a "prepaid" light that enables viewer to order program earlier in day and get it at proper time.
>
> At the TV transmitter, picture is scrambled and sound is replaced with a message to home viewers which explains how device operates, nature of pgms., and how viewer can become a subscriber. Installer delivers decoder to viewer, connects to antenna terminals behind set and hands over monthly pgm. guide + viewer's first computer card. If Pay-TV company wants to disconnect a decoder for nonpayment or other reason, it simply

refuses to give subscriber a new card. Each month's card must be mailed in to Pay-TV company, which then sends out a bill."
(4)

The box costs $120-$130 to manufacture and it has been leased to potential over-the-air Pay-TV systems in the United States on the basis of 5% of the gross revenue. While it is designed for broadcast use, it is adaptable to cable delivery with the use of a converter (in which case a subscriber's television set would require two boxes). Since there are two audio feeds, stereo sound is possible if the barker channel is removed.

The biggest problem with the system is the primitive feedback control. One card must be mailed to the subscriber before the previous card is sent in. Thus a delinquent subscriber can get two months of unlimited programs for free. The pay operator isn't really sure of the status of his accounts for long periods.

Sutherland compares this problem to Bell Canada's accounts receivable which eventually are paid. The difference is that a telephone is a necessity of life that most people will not do without. Pay-TV is a luxury and a delinquent always has the "free tv" option. Finally, there is something inelegant, as well as inefficient, in using the mail for feedback in a sophisticated electronic system.

METERING

Metering is necessary on all pay-per-program systems whether they are off-air or cable delivered.

a) *Two-Way Cable Metering*

Two-way cable is one method of metering used in conjunction with a computer that identifies when and where a program is being watched on the system. The Telecinema system in Columbus, Ohio, operates two-way cable using a normal converter modified with $14 worth of parts. This modification allows it to signal the head-end computer when a program on one of the pay channels is being watched. The computer picks up the signal by scanning

the system in 100 home batches until every home in the system has been checked. This process is continually repeated every three minutes. (See case study of Columbus).

Network One in Toronto operates two-way cable using a computer, but no converter, to meter its system. After a ten minute preview period, the subscriber may press a button which allows the program to continue and which meters his consumption of the program for the computer. No converter is needed since Network One is a closed-circuit system, not a basic cable operation carrying off-air signals. Network One carries only Pay-TV channels. (See case study of Network One).

Two-way cable technology is a pre-requisite for the many wired city services which pay-per-program television heralds. In theory, the difference between two-way and one-way coaxial cable is basically a matter of amplifiers. A one-way cable trunk station costs $750 in hardware and a 2-way sub-VHF station costs $900. On average, 2½ stations are needed per mile. Therefore, excluding labour and other non-capital expenses, upgrading a one-way cable system to two-way would cost $375 per mile. If all expenses are included the figure would be closer to $1000 per mile. In practice, the "ingress" noise, which seeps into the cable causing interference, is much higher for two-way cable. This would require special shielding and older systems might not be adaptable in any case.

b) Telephone Metering

At the June, 1975 CRTC hearing on Pay-TV, Bell Canada presented a brief which outlined a pay-per-program metering system using the telephone network for the upstream link. This means that one-way cable systems, or over-the-air Pay-TV, can have information feedback on program consumption as frequently as they wish. This Bell system was explained in their brief as follows:

> "The system on which we have been working could be used with either over-the-air or cable serving arrangements. Its most visible component is a "Pay-TV Control Unit" located at the Pay-TV subscriber's premises. This unit incorporates a descrambler and storage capability. By means of the unit, the subscriber wishing to see a particular program can activate the descrambler, giving access to any one of several channels carrying premium programming. The control unit will

> then keep track of the amount of premium time used by that particular subscriber for that particular program. At periodic intervals, in late night hours when the telephone network is virtually idle, a centrally located data collection device (such units are already in common use in Bell Central Offices for remote testing of telephone facilities) will interrogate the control unit over the regular subscriber telephone line and collect the usage data for all premium viewing since the last collection. The data would then be forwarded to the Pay-TV Operator for billing and market planning purposes."
>
> (5)

This system is drawn schematically below. It solves many of the polling limitations of one-way systems (both cable and over-the-air) and allows pay-per-program capability on existing facilities. Bell has not attached a price to the "Control Unit" which will be more expensive than a simple descrambler, but Bell estimates $4.00/month charge for this service alone.

None of the operators offering to establish Pay-TV service in Canada have apparently taken Bell up on this technology. Lack of interest is probably caused by the fact the system is expensive and there are much cheaper alternatives.

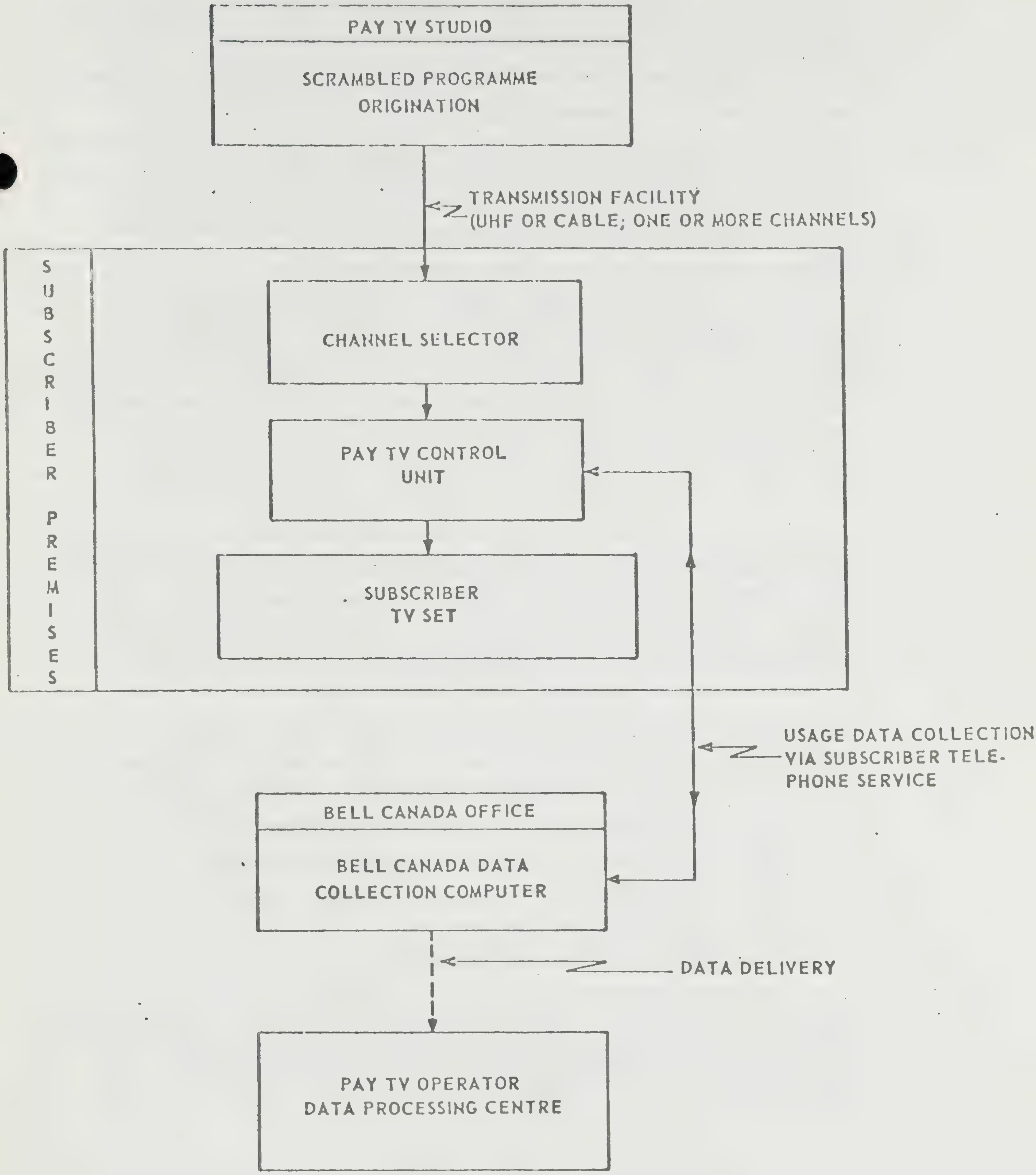
Program Distribution

NATIONAL DISTRIBUTION

There are three basic options for national distribution of Pay-TV programming. The first is satellite which is most efficient for long-haul distribution, but is very expensive at present. The second is a microwave network which, if dedicated to Pay-TV, would have to be built to cover the country. This is much too expensive considering the satellite alternative. The third is cassette distribution or "bicycling". This is probably the cheapest method, but there are logistical, qualitative, live event, and even political, problems involved.

Given the numerous variables and trade-offs necessary to build a practical system, there is probably no single optimum national distribution technology. Obviously the greater the coverage of the country, the more expensive the distribution. The question is whether policy makers can decide not to offer a television service because of the expense of distribution.

BLOCK DIAGRAM OF
BELL CANADA PAY TV DELIVERY SYSTEM



a) Satellite

Canada has three satellites in space. Each satellite has ten operational transponders and two backup transponders. The first satellite, Anik I, is now unused and serves a spare or backup function. It has a life expectancy today of 4 years. The second, Anik II, has one customer which uses one channel, or "transponder", for communication between the U.S. and Greenland. Anik III is the prime satellite with an 8 year life expectancy from today. Eight of its transponders are leased full-time and a ninth is leased part-time. Anik IV will be launched in mid-1978.

Anik IV will have 10 operational channels and 2 backups in the 4 and 6 Gigahertz bands (*i.e.*, 4,000 and 6,000 MHz), as well as 4 channels and 2 backups in the 12 and 14 Gigahertz bands for experimental purposes. These frequencies will allow earth stations to be sited in cities, and the "back-haul" microwave link from a rural earth station into a city will be eliminated.

Telesat Canada estimates that Direct Broadcast Satellites will be in operation in ten years. These will send a very powerful signal in the 12 and 14 GHz bands which a "dish", or parabolic antenna, costing $500, could receive. Every house would not have such an antenna, but community or apartment house earth stations would become feasible at that point.

Today, each transponder leased from Telesat costs $2 million/year. This price compares with $1.4 million/year for 24 hours each day from the Western Union satellite in the U.S. Western Union also has an $800,000/year rate for 12 hours daily. Telesat is not allowed to lease transponders part-time, though it has done this for customers who already have one channel fully leased. A customer can also approach a common carrier which has a transponder fully leased and sub-lease part of its time. Additional transponder time can be obtained for $1200/hour. The CBC has given Telesat a 1000 hour guarantee to get a rate of $550/hour. Telesat says the reason for its relatively high rate structure is the back-up channels which don't exist on American satellites. Critics of Telesat's monopoly in Canada contend that lack of competition is the cause of the high rates.

Telesat alone is authorized to lease earth stations in Canada. An earth station with one receiver, which can accept one channel, leases for $19,000/year. The lessee supplies the building, land, and power ($1,500/year). Telesat supplies the maintenance for the basic fee. Earth stations with 4 receivers lease for $42,000/year. In the U.S., simple earth stations can be bought for $75 - $100,000.

In addition to these expenses, a satellite system needs an "uplink" which sends the signal to the satellite, and "backhaul" microwave to connect the uplink with an origination center or an earth station with users in an urban center. A brand new sending station can be leased for $300,000/year and requires one part-time person to operate. Facilities at Allen Park (90 miles north of Toronto) can be leased for $150,000/year. Backhaul microwave costs between Allen Park and Toronto are about $450,000/year.

Each cable system does not need an earth station to get a satellite feed. A Multipoint Distribution Service (MDS) could be used to interconnect systems within a 30-40 mile radius. (See MDS below)

Any attempt to estimate the cost of a satellite network connecting every cable system in Canada must be very rough because of the many variables. Variables include the amount of live broadcasting necessary; the degree of local interconnection through microwave or other means; whether the signal is multiplexed or not to save transponder space; the actual cost of land for earth stations; the use of two-languages. The list goes on.

One estimate could put the annual totals as follows:

1 transponder	$2,000,000
300 earth stations at $25,000	7,500,000
Origination/interconnection	2,000,000
Total	$11,500,000

If the number of earth stations are reduced and additional systems are serviced by bicycled videocassettes only, or not serviced, then the cost of the satellite network could be brought down to close to $4,000,000/year.

Within this range the cost depends on the number of local cable systems directly connected to the satellite, as well as the variables listed above. By the early 1980s, earth station costs may be dramatically reduced.

b) Microwave

National distribution via microwave would require building a new network because all existing microwave capacity is occupied. All that is now available on a national basis is a standby channel for spot service.

Microwave occupies the spectrum above 1 GHz and 'hops' are limited by line of sight. They cannot exceed 30-50 miles depending on the height of the tower and the terrain. Costs vary from $300 year/mile to $1,000 year/mile.

It would probably take 1000 30-mile hops to cover the populated areas of the country, or 120 hops just to cross the continent in a straight line. The Global Television microwave feed between Toronto, Ottawa, and six transmitters costs $400,000 per year. CTV is charged $2 million per year for its microwave distribution. If CTV were to go to satellite, it is possible microwave capacity would be freed for Pay-TV or other uses.

Microwave interconnection at intermediate distances is competitive with satellite, especially if the towers are already built and only electronic gear has to be added. The electronic gear to build a microwave hop on two existing towers costs $35,000.

Long-haul distribution via cable, or land lines, was replaced in the early days of television by microwave, which is better and cheaper. Northern Telecom (*i.e.* Northern Electric) is now researching the possibility of again using long-haul video land lines.

Of course, the long and short-haul advantages of satellite and microwave distribution could be combined with microwave carrying the signal 2-3 hops from urban centres (a radius of 50-70 miles) and satellites interconnecting those centres.

c) Bicycling

There are two methods of bicycling. One assumes a single tape origination source which ships tapes or videocassettes to all local cable systems in the country and receives the used tape. The other assumes such a centre which starts a chain with one system using a tape and passing it on to another in a pre-arranged order - a true bicycle.

The first method is more dependable if there are no mail strikes. This method of national distribution is the cheapest assuming 3/4" cassettes are used. Still, many estimates put the annual budget for such a system in the $1-$3 million range. For purposes of comparison, one medium size broadcasting station in the prairies spends $40,000 yearly on film and tape shipping.

There are some major disadvantages with bicycling besides the logistical complexity. The biggest problem is the fact that a system using tapes exclusively cannot broadcast live events such as sports. Sports only have value as live events though there are syndicated series on "great moments" in sports.

National advertising and promotion would present another difficulty if local systems aired programs at different times. The use of 3/4" cassettes also creates a broadcast quality problem which may create consumer dissatisfaction since Pay-TV is the "premium" channel.

Tape distribution also raises a political question. If a system is strictly cassette distribution then it ceases to be a "broadcast" system and, if cable-delivered, becomes closed-circuit television. This would weaken Federal jurisdiction and increase provincial claims to regulate Pay-TV.

LOCAL DISTRIBUTION

a) Off-Air Delivery

Broadcasting is defined by the Broadcasting Act as "any radio communication in which the transmissions are intended for direct reception by the general public". Radio communication means any transmission of any nature "by

means of electromagnetic waves of frequencies lower than 3,000 Gigacycles per second propagated in space without artificial guide". 3,000 GHz is light. A more detailed definition appeared in Instant World:

> "Electromagnetic radiation is radiant energy resulting from acceleration of an electron or other charged particle. The existence of an electromagnetic frequency spectrum was hypothesized by Clerk Maxwell in 1864 and radio waves were detected by Hertz in 1888. They may be characterized by wavelength (the distance between one peak or trough and the next) or by frequency (the number of peaks that pass a point in a given time). For any electromagnetic wave, the arithmetical product of wavelength and frequency is always equal to the speed of light.
>
> Frequency is measured in terms of cycles per second, and the unit of measurement is the "hertz", or one cycle per second." (6)

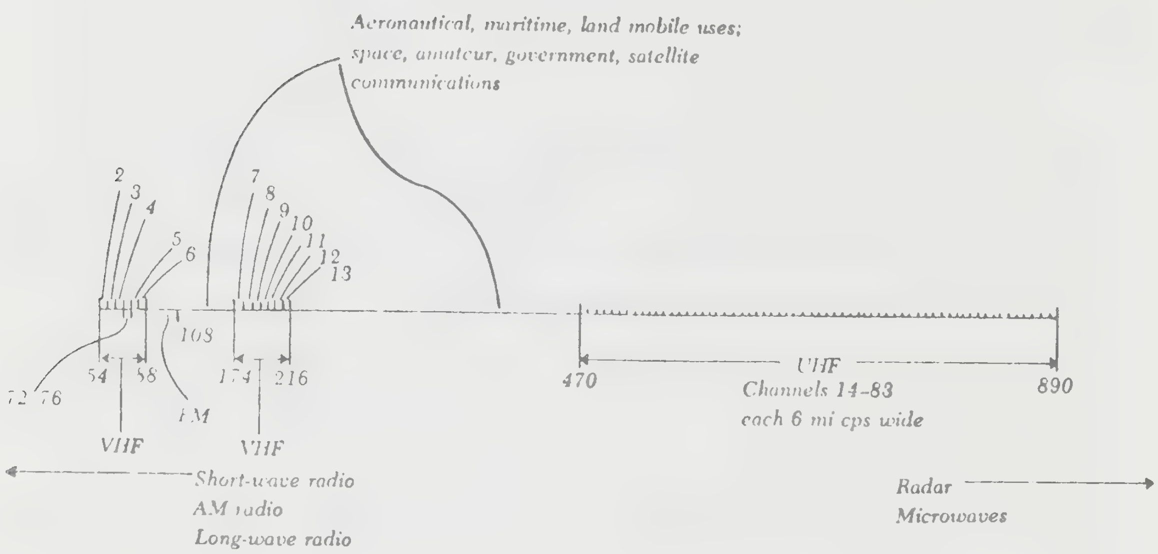


FIGURE 2-3. THE TELEVISION SPECTRUM

(7)

Broadcasting is broadly directional in transmission and, of course, does not require a connection between the sender and the receiver. Broadcast receivers can be mobile. Also, nearly unlimited numbers of receivers can be added within the broadcast area without additional cost to the sender, or the distribution system.

There are four negative factors: the strength of the signal weakens the further one gets from the source; space on the electro-magnetic spectrum is limited; as it now exists, television broadcasting is one-way communication; and television does not follow the curve of the earth, further limiting its reach.

The strengths and weaknesses of broadcasting are the strengths and weaknesses of broadcast Pay-TV.

Consider first the advantages of off-air delivery of subscription, or pay, television. Off-air delivery is the best means of reaching a scattered or rural population which does not have the density to support a cable system. There are practical limits to the eventual number of Canadian homes reached by cable. These limits are best judged by the limits of the telephone system. If cable is judged an essential service, as is the telephone, then coaxial cable systems will eventually be interconnected and rate-averaged (high density use subsidizes low-density use) as is telephone service. Off-air delivery also strengthens the Federal control of Pay-TV under the Broadcasting Act and weakens the control of the cable companies and the case for provincial regulation.

However, the problems with off-air delivery are substantial. First and foremost is the limitation of spectrum space. The pressure for television channels is particularly intense in highly populated areas like southern Ontario, near major American centres like Detroit and Cleveland.

Each UHF channel must be broadcast at least 150 miles from a similar channel. Most Canadian cities have only one available UHF television channel. Present UHF channel allocations available in Ontario illustrate this point, with only 4 of the 13 cities listed having more than one channel:

Toronto	45; 51; 57	Windsor	78
Kitchener	82	Hamilton	41; 47
Woodstock	18	Brantford-Simcoe	63
Guelph	16	St. Catharines	69
London	52; 71	Niagara Falls	81
Chatham	48	Welland	75
Sarnia	74; 83		

(8)

There is apparently some dispute about the available UHF allocations. For example, one consultant has stated that no space exists west of Kitchener because of pressure from American cities. Another claims that more space exists than officially allocated and points to the example of Global which is using spectrum space originally not reserved for TV use.

On the other hand, the Ontario Ministry of Transport and Communications states that there is only one UHF frequency available in Toronto and none in Windsor. As citizen band transceivers become more popular, pressure on the lower channels (14 and up) for land-mobile use will increase, thus taking these channels from possible television use.

The scarcity of spectrum is not as severe in the rest of the country but, for all practical purposes, off-air delivery of Pay-TV cannot be used for the largest potential Pay-TV market.

Also, if Pay-TV is delivered off-air, it will be limited to one channel in most urban areas and will never have the multi-channel capacity of cable delivery. One of the benefits promised by the future development of Pay-TV is dedicated channels (sports channel or an information channel or a children's channel). allowing minority audience programming. This development will not be possible by off-air delivery, so the pressures on off-air Pay-TV will be for mass appeal programming.

Technologically, off-air delivery requires more expensive equipment than cable delivery, both at the head-end, or station, and at the subscriber's terminal. Part of the cost at the subscriber's end is the need to have

the terminal meter program consumption. On a cable-delivered system, a head-end computer can do this. The fact electronic two-way communication is difficult with off-air delivery, even with the use of telephone metering, adds to the problems faced by the off-air Pay-TV operation.

In the United States, the main pressure for off-air Pay-TV is in the major markets. Most U.S. cities are not cabled and the cost is considered prohibitive - $80,000/mile. Off-air (or STV) enthusiasts see broadcasting's disadvantages overcome because of the huge cost of wiring, or 'cabling', the cities for a service that only 12% of the population may take (based on Pay-TV penetration of homes passed by cable). STV penetration need not be as high to justify the plant: Hartford's off-air system had a 3% penetration rate. In Canada however, the major urban markets are wired thanks to the desire to receive American channels. Therefore, off-air delivery does not make sense in the cities, but it may make sense in Canada's less-populated markets.

b) Cable Delivery

> "The pure cable system, to the extent that it is a self-contained entity, dispenses entirely with electromagnetic radiation. At its heart lies the coaxial cable which is in part described by the word "coaxial" itself. As Figure 2-1 indicates, the coaxial cable consists of a small diameter inner conductor, a larger diameter outer conductor, a plastic foam to keep them apart and to maintain an electric field between them, and an outer sheath to protect the entire cable from the weather or whatever else might affect the operation of the system.
>
> Such cable can be used to transmit electrical signals from zero frequency (direct current) to frequencies of several billion cycles per second. The coaxial cable used to transmit television signals carries all frequencies between 40 million and 300 million cycles per second. (A telephone wire, by contrast, transmits frequencies between 300 and 5,000 cycles per second.) Since a television signal requires a bandwidth of 6 million cycles per second, a coaxial cable can carry, in principle, the equivalent of forty channels of television."

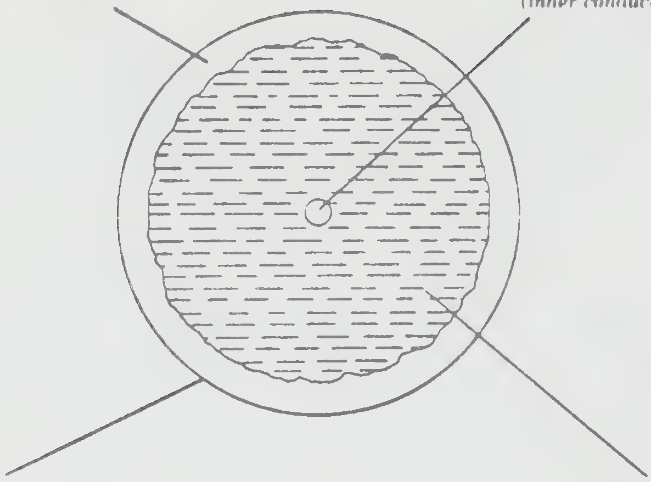


FIGURE 2-1. CROSS SECTION OF A TYPICAL COAXIAL CABLE

(9)

The existing amplifier design limits the coaxial cable spectrum to 300 MHz. This limit is arbitrary and some European systems have a 900 MHz capacity, though such a system would need more amplifiers per mile. There is a theoretical 40 channel limit on a 300 MHz system but the practical limit is closer to 36 channels (with the use of a super-high band converter to pick up the additional 24 UHF channels).

If the capacity is raised to 800 or 1000 MHz by decreasing the distance between amplifiers, then a cable could deliver over 100 video channels or more data channels. However, at these frequencies there is substantial power loss. Also, there is not yet a demonstrable need for this capacity.

Thus, the biggest advantage of cable delivery is simply the quantity of channels available. It is impossible to find 36 (or 24) available UHF frequencies in most of the country.

The second advantage of cable delivery is the possibility of two-way electronic communication: the "wired city". A television set could be a transmitter as well as a receiver, sending back messages on audience

response, fire and burglar alarms, utility metering, etc. to a central computer. Bell Northern Research has designed a yes/no audience response button for television use which is ready to be marketed. This not only brings back memories of the Czech Kinoautomat at Expo 67, with audience-vote movie endings, but suggests polling possibilities which would put Gallup out of business - or into the television business.

The disadvantage of cable is the cost of constructing a system in sparsely populated areas, or conversely, in dense cities through underground ducts. This would be a significantly reduced problem with rate averaging.

Another disadvantage of cable delivery is cultural. At the present time Canadian cable is delivering primarily American channels which fragments the audience for Canadian channels. This in turn undermines the economic base of the Canadian broadcasting system and the program production industry.

Cable is not the same cultural threat in French-Canada as it is in English-Canada since the American channels are not as attractive to a Francophone audience. Cable penetration in Quebec remains well below the national average, although the gap appears to be narrowing. In January, 1976, cable television households in Canada were 42% of all households, and Quebec penetration was 35%. The respective penetrations in January, 1977, are estimated to be 44% and 40%. (10)

Given the technical reality, the advantages of cable-delivered Pay-TV seem to outweigh the disadvantages.

c) Multipoint Distribution Service (MDS)

This is a microwave system consisting of a fixed station transmitting omnidirectionally to fixed receivers within line-of-sight (30 miles). MDS is seen in the United States as a possible answer to the distribution of Pay-TV within unwired urban markets. Thus this system is potentially in competition with cable or broadcast delivery of Pay-TV. The major market for MDS is in apartment complexes. Each termination point costs about $1,000 to install and MDS transmitters run anywhere from $50-$200,000. Between 3-5,000 subscribers are needed for an MDS system to break even.

Microband Corporation of America is the leading developer of MDS, and Telemation Program Services is the leading supplier of Pay-TV programming to MDS systems. At present, Pay-TV is the financial backbone of MDS operations. Programs are broadcast in the evenings. The lack of daytime use has revived thoughts on the future of MDS in terms of business communication since satellite interconnection is possible. MDS was originally conceived as a business service, but it would have collapsed without Pay-TV.

Last July, Cox Cable, a large U.S. MSO, announced it would provide Pay-TV to a dozen communities via MDS. This move caused a shock similar to HBO's earlier announcement that it would distribute Pay-TV programs via satellite. Established pay-cable companies are apparently using this new technology rather than fighting it.

MDS is a relatively inexpensive means of covering the high-rise urban areas with Pay-TV, but it suffers from the broadcast problem of limited spectrum space. MDS, as licensed in the U.S., can only provide two channels in the 2150-2162 MHz band.

In Canada, the Department of Communications has, to date, refused to allow MDS operations. Moreover, the fact Canadian cities are cabled limits the usefulness of MDS for Canadian Pay-TV delivery, though it might feed cable systems in urban centres.

The Future

Many of the assumptions of Pay-TV must be analyzed against the background of future technological changes. These changes include fibre optic technology, major evolution of the home television receiver (especially the wall screen), and the videodisk. Subscription television, videodisk, and even video games, are all examples of the same phenomenon: the ability of technology to provide ever greater and more personal program choices on the TV set. It would seem to be an inexorable trend.

"THIS SERVICE WILL REVOLUTIONIZE ALL THE MAIN SERVICES OF THE COMMUNITY. IT WON'T LEAVE ANYTHING THE WAY IT WAS. THINK OF ANY GROUND....

IT'S GOING TO BE A REVOLUTION FOR THE SCHOOL, OF COURSE. THE ENTIRE EDUCATIONAL SYSTEM WILL COME TUMBLING DOWN UNDER THE IMPACT OF PAY-TV.

.....POLITICS WILL BE PROFOUNDLY CHANGED BY PAY-TV... YOU COULD HAVE INSTANTANEOUS REFERENDUMS ON ANY SUBJECT. INSTEAD OF ELECTIONS YOU HAVE POLITICS BY REFERENDUM. NO MORE POLICIES, NO MORE PARTIES".

MARSHALL McLUHAN
"PAY-TV"
AUGUST, 1976

VIDEODISK

The videodisk is able to provide many of the services which subscription television is attempting, and more. It may completely subvert the intent of the Broadcasting Act and render the agonizing discussion over the social and cultural implications of pay television obsolete. Regulating Pay-TV may be pointless if videodisk enters Canada in as unregulated a form as records, or "audiodisks".

The push to develop the vidodisk seems to stem from two sources. The first is a presumed consumer demand. There is a strong belief that consumer desire exists for "demand programming" where the viewer is able to control both the content of a program and the time of its presentation. The second appears to be the equipment manufacturers' need for a new piece of hardware to market now that colour TV sales have levelled off. Videotape/cassette players have generally failed to capture the potential post-colour TV entertainment market, though the Sony Betamax may be about to do just that. This $1,700 ($1,350 in the U.S.) machine has thoroughly frightened Hollywood and two film companies (MCA and Disney) are suing Sony under copyright law, to ban the Betamax. MCA has a videodisk system without "record" capability.
In Germany, the Telefunken/Decca/Teldec system is the first videodisk on the mass market. It has been available for over a year with apparently lukewarm results. The biggest drawback to the system is that the 8.25 inch disk can only play for 10 minutes, although a high speed changer will be available. Because it has an electro-mechanical or "contact" pickup requiring pressure on the disk, each disk has a finite lifetime (about 1000 plays). This is a problem for institutional users.

The two major videodisk systems are not on the market yet. They are Phillips/MCA and RCA. The Philips/MCA system is the more sophisticated of the two. It uses a laser to read the disk thus giving it an unlimited life. This advantage is offset by the life of the laser. Each disk is 12 inches in diameter and at present only one 30 minute side can be played. This system can play a still picture as well as a moving picture (54,000 still pictures make up one 30 minute side which turns at 1800 R.P.M.). This means the equivalent of a small library can be stored on one disk

(*i.e.* 54,000 written pages) since the player allows fast forward, reverse, and stop. MCA's subsidiary, Universal Pictures, has an 11,000 movie library available for disk distribution which will give the system a strong software base to begin marketing.

The RCA system uses relatively heavy electro-mechanical pickup which gives each disk an approximate life of 500 plays. The disk is 12 inches in diameter, and both 30 minute sides can be read giving each disk a 60 minute capacity, though the system does not have a still picture capability. RCA's National Broadcasting Corp. gives the system a software base, and RCA claims to have bought the disk rights to more than 1,000 major movies.

While the Philips/MCA system appears to be better, it may also be more expensive and less reliable because of its dependence on a new technology. Both players should sell for $5-600. and disks $2-10. each. These costs will make videodisks a mass consumer product with the advantages and disadvantages of the mass market.

Unlike videotape players, most videodisk systems are playback only (Bosch and MDR videodisk systems do have record capability). Since the major videodisk systems cannot record in the home, the pirating, or copyright infringement problem, which Betamax raises will be very small (at least on the amateur level).

The videotape player will continue to have a role, but the disks are designed to capture the mass market. The major reason is that disks can be mass produced easier, faster and cheaper than tape or film. Large quantities of disks are much less expensive to produce than film or videotape which requires "sequential production". However, a very small quantity of disks are more expensive than similar quantities of film or tape. The economic cut-off for disks is estimated to be only 100 copies of a single program. Also, disks are less prone to damage than records and just as easy to store. Disk libraries are more feasible than record libraries because disks are less likely to be damaged by mishandling. The optical-laser type player puts the message into an inner groove which is protected by an outer groove. The electro-mechanical type comes with

a jacket that is inserted into the machine - human hands never touch the disk.

The second major advantage of videodisk technology in capturing the mass market is its immense storage capacity or "information density". One videodisk can store 30-60 minutes of colour video information on 1 square foot of material. 16mm film can store 30 minutes in 63 square feet and videotape requires 50 square feet for 60 minutes. With an optical video-disk, the real limitation to communication possibilities is the human limitation on receiving the information. According to a Telecommission Report, the relative limitations to communication are:

Capacity of Technology		Human Capacity		Human Brain Processing Capacity
audio	10,000 bits/sec	ear	10,000 bits/sec	40 bits/sec
video	50,000,000 "	eye	1,000,000 "	

(11)

What distinguishes videodisk from Pay-TV? While Pay-TV will presumably increase a subscriber's in-home viewing opportunities of a single program or movie (assuming each program will be heavily repeated in the Pay-TV schedule), it cannot match the "demand" capability of videodisk in the forseeable future. A videodisk library can be tailored to the consumer's exact tastes which Pay-TV programming cannot do no matter how "minority" or "special interest" its content is.

Another distinction between videosisk and television is picture quality. The actual quality of the picture which the videodisk delivers to the TV screen overwhelmed Jack Miller, the Toronto Star's *blase* TV critic, who wrote:

> "Even to blase veterans of the industry, they were breath-taking - vivid colours, crisply outlined images, smooth action, no snow or flashing of interference - the sort of pictures the TV set always was supposed to deliver, but almost never has." (12)

One disadvantage of videodisk compared with Pay-TV is that mass-appeal programs will probably be available to the Pay-TV market before they

become available on videodisk. The timeliness of a film is an important factor in its value to the consumer and thus, in consumer demand.

A second disadvantage is the obvious fact that Pay-TV can sell live event programs and videodisk cannot. This is especially important for sports. However, a videocassette-distributed Pay-TV system cannot show live events either, and such a Pay-TV system may have no theoretical advantage over a videodisk lending library.

The third disadvantage of videodisk is the difficult question: how repeatable are visual entertainment programs which rely on novelty for effect? It is still a moot point whether a movie for instance will have an enduring appeal which could even approximate that of a piece of music on a record.

One can presume that there will be a high repeatability quotient with classics: Charlie Chaplin, Buster Keaton, Marx Brothers, "Citizen Kane", etc. There may be a surprisingly high repeatability quotient with many movies if the cost of buying is not much higher than the cost of renting two or three times. On the other hand, no one can argue that a movie, any movie, can be repeated for enjoyment to the same extent as music. If music were turned into drama it would be unbearable: just think of Ravel's "Bolero" as a dramatic plot.

Will people buy movies on videodisk and, if they do, will that affect Pay-TV? No one can know with any certainty but marketing strategies will doubtless make sure the theatrical/subscription tv/commercial tv markets have been thoroughly exploited before films are released to the videodisk market. Of course, some programs may be produced for videodisk only: pornography is an example.

Videodisk, combined with efficient lending libraries, subscription marketing (disk-of-the-month), and wall screens, make a formidable competitor for the mass entertainment/information dollar, a dollar which may be a constant 3-4% of consumer spending. [13]

HOME TV RECEIVER

The poor quality of the commercial TV set has been the biggest drawback

in the entire television system. Sound is extremely poor in TV sets, but manufacturers maintain there is no market demand for stereo or Hi-Fi sound.

Sharpness is marginally acceptable. Using an Eastman Kodak measurement of picture sharpness as a percentage of observed "perfection", super-8 film is 70% "perfect"; 16mm is 85%; and 35mm Kodachrome is 98%. According to this standard, the observed sharpness of a 525-line home TV set is 71% at a distance of 5 times the screen height. This is marginal acceptability, but consumers don't seem to press for better quality. (14)

The only major innovation to reach the TV receiver since colour is the wall-screen. We don't know how successful and widely-spread this innovation will become. The need for more than 525 scan lines may be a critical factor in the potential of wall-screens to replace TV sets.

Electrohome Ltd. has signed a deal with Boston-based Advent to manufacture the chassis for the Advent video-projection TV system. This wall-screen will cost $3,495 in Canada and $1,000 less in the U.S.

George Fouts, marketing manager for Electrohome's consumer electronics, estimates that by 1980 the video-projection system will account for 20% of Canadian colour TV sales or 45,000 units. (15)

This may be an overly-optimistic estimate of wall-screen saleability by Mr. Fouts. However, video games are taking off. One manufacturer, Lloyd's, is advertising six separate video games for Christmas 1976 at $89.95 each. If people are playing video games they aren't watching television.

Whether video games are a passing fad, or the harbinger of startling new uses for video display units, is impossible to predict. They are another example of the destruction of "monolithic" TV and the ongoing fragmentation of the old TV audience into new small TV audiences. Trying to stop this audience fragmentation, to save commercial or advertiser-supported television, may be akin to King Canute trying to save himself from wet feet by commanding the tide to stop.

FIBRE-OPTICS

Light is an electromagnetic radiation with frequencies in the 300,000,000 megacycle/second range. Fibre-optic transmission simply sends light in the infra-red spectrum from light-emitting diodes down transparent glass wires about the diameter of a human hair. Lasers will replace L.E.D.'s when laser life reaches 10 years or 80-100,000 hours from the present 2500 hour life. Such an optical telecommunications system is moving quickly out of the laboratory into practical service. The only limitation to the widespread introduction of fibre-optic technology is its cost: one foot of optical fibre costs $1. compared with 5 cents for house-drop coaxial cable; 15 cents for feeder-cable; and 80 cents for trunk cable. The other cost is the commitment to existing plant and its replacement hardware value.

The possibilities with this technology are nearly limitless. If a low cost telecommunication system based on light transmission were available:

> "the resulting bandwidth would be so great as to solve all of our communications requirements for the forseeable future. If, for example, we assume a light frequency of 300 million megacycles per second and that we may use 1% of this frequency as effective bandwidth, one such transmission system could carry 50,000 television channels simultaneously on each beam. If we are considering video telephone channels of the type proposed for public use, that figure would be closer to 3 million video telephone channels." (16)

Besides this immense capacity, optical transmission would have many advantages. Ultimately, it should be cheaper than coaxial cable because sand is the basic ingredient rather than copper. There is no problem with electromagnetic interference in congested areas and no short circuit difficulties.

Glass wire is much lighter, stronger and smaller than copper wire. In a fighter aircraft, over 450 pounds of copper wire can be replaced by 50 pounds of optical fibre, and in a U.S. Navy A-7 fighter, 224 feet of fibre replaced 1 mile of electrical wire. Glass is also inherently stronger than metal though, in practice, imperceptible flaws cause weakness.

Yet there are a number of problems with optical fibre. One is the efficient coupling of the laser to the fibre; another is the need to develop 20 year plus life for the laser to meet telephone equipment specifications. Also there are no technical standards and different manufacturers' systems are incompatible.

Despite the problems, and the tremendous cost of optical-fibre, it is already in use. The U.S. military is actively using optical-fibre in closed systems for airplanes, ships, and submarines. TelePrompTer has installed 800 feet of optical fibre to carry television signals between a roof antenna and their head-end equipment 34 floors below in a Manhattan skyscraper. In England, Rediffusion has two cable-tv channels successfully carried on optical fibre and Telefunken is marketing an optical fibre system.

Canada is one of the world leaders in optical fibre research through the work which has been done at the Communications Research Centre of the Department of Communications and Bell Northern Research in Ottawa. Whether Canada maintains that lead is problematical but optical-fibre is passing from the experimental to the prototype stage of development. Most technologists seem to agree that it will be used increasingly in the medium future, especially for trunking. When it will be available for homes is speculative, but a major financial commitment to existing technology cannot be made without considering the possibility that progress in fibre optics may soon render all such hardware obsolete.

Summary

Pay-TV technology, *i.e.* the "black box", is still being developed and,at present , a completely satisfactory and secure system has yet to evolve. The immaturity of Pay-TV technology is evidenced by the fact that many companies are feverishly developing off-air Pay-TV which has yet to become operational. A Canadian Pay-TV system should make as small a commitment to hardware as possible so that future options remain open. Therefore, a

"universal" Pay-TV system is the most attractive technologically because it requires no new technology.

For local distribution of Pay-TV services, cable has many advantages at the present time over off-air delivery. Canada is already widely cabled and using the existing cable system would not require new capital expenditures. Pay-TV could easily "piggy-back" on the existing system. Secondly, the television spectrum is finite and spectrum space in many areas, especially southern Ontario, is scarce. Whether this valuable public resource should be allocated to Pay-TV service when an alternative is readily available is highly questionable. However, in many locations cable is not readily available and spectrum space is not scarce. Off-air Pay-TV service makes sense under these conditions. Finally, cable simply has a greater channel-capacity for Pay-TV service. Off-air delivery would probably be limited to one channel even in areas where channel space was available.

As far as national distribution of the Pay-TV signal is concerned, a separate study is needed to unravel the economics of this question. There is probably no single "best" method. In practice, a combination of several distribution technologies will probably make the greatest sense. Satellite is the best means of covering the country while microwave is better for regional distribution. They could easily be combined even though satellite rates are arbitrarily expensive.

Bicycling videocassettes is probably the cheapest delivery system but it has significant disadvantages - primarily it will (by creating a "closed circuit" system) compound the jurisdictional dispute over regulation of Pay-TV which presently exists between the provinces and the Federal Government. Second, live events cannot be transmitted and this effectively eliminates sports though it might be possible to "jury-rig" a live event transmission on occasion.

Finally, the whole issue of Pay-TV may be superseded by videodisk which appears to be a much greater threat to the Canadian broadcasting system than Pay-TV because of the virtual impossibility of regulation of content. Whether it is regulated well or poorly, at least Pay-TV can be regulated to

minimize potential damage to existing systems and maximize benefits. Videodisk may be as unregulatable as imported books or magazines. As such, it is a much more formidable cultural problem for Canadian public policy than pay television.

According to the Financial Post (Sept. 11, 1976), Philips/MCA plans to introduce its videodisk player to the Canadian market within months. RCA says its system will probably be available sometime in 1977. How will Canadian content quotas, or anything else, be enforced in this medium, and by whom?

Regulation of the videodisk might be accomplished by high excise taxes on the importation of foreign programs designed for that medium. Another possibility is the imposition of a unique Canadian technical standard for videodisk players which would make foreign-produced disks unplayable. Controls might then be established for the marketing of foreign material on Canadian-standard disks.

In the short run, public pressure may make these options politically impossible. In the medium run, the videodisk may be part of a re-ordering of television as we now know it from the vertically-integrated oligopoly of lowest common denominator programming to an increasingly personalized entertainment medium. If this is the case, statutes will not stop or divert this phenomenon.

The emergence of Pay-TV and videodisk adds to the already compelling reasons for developing a strong Canadian program production industry which can take advantage of new distribution technologies rather than be swamped by them. In the long run that will be the only cultural safeguard that we will be able to depend on. The uncertainties of the medium require that the national purpose be directed to developing an internationally competitive message. More than ever, a functional program production industry is not a luxury, but a national necessity.

THE U.S. EXPERIENCE

History

The first stage of pay television development in the United States took place between 1950 when the first over-the-air toll television system was tested in New York City, and 1968 when the Federal Communications Commission authorized STV on a permanent nation-wide basis. STV stands for subscription television and therefore means all Pay-TV, but in the U.S. the term has come to mean broadcast as opposed to pay-cable. Basically STV involves broadcast of a scrambled signal on conventional UHF channels which can only be descrambled by the subscriber equipped with a decoder. Between 1950 and 1968 there were several STV experiments, notably Phonevision in Hartford, Connecticut which was carried out between 1962-69.

The Hartford experiment reportedly lost $3.5 million in the first three years and never achieved market viability reaching only a maximum penetration of 3% (7,500 subscribers in an area of 263,000 television homes) and averaging $1.20 in weekly revenues per subscriber. Its programming primarily offered movies and sports events (91%) with a modicum of cultural and educational choices.

Results of this first stage of STV development were:

1) Lack of profit: none of the STV experiments were profitable. Market demand was low; the technology unsophisticated; the hardware bulky and there were numerous unsolved problems regarding monitoring and security.
2) Opposition from theatres, broadcasters and producers: the National Association of Theatre Owners (NATO), the National Association of Broadcasters (NAB), and the Motion Picture Association of America (MPAA), and other interests, organized sufficient opposition to pressure the introduction of legislation to ban pay television into Congress, and effect a ban in the State of California.
3) Regulations: as a result of this climate the FCC instituted severe restrictions for STV regarding the programming that could be carried and the areas in which Pay-TV could be offered.

In addition practical conclusions, drawn from the Hartford experiment specifically, demonstrated that the lowest income groups (under $4,000) would be excluded from any STV system and that viewers would watch the same kinds of programs on Pay-TV as they did on commercial TV.

We are now witnessing the second stage of pay television development in the U.S. It is restricted to delivery via CATV systems on a pay-cable format. The TCC first regulated pay-cable in June 1970 and in October 1972 Home Box Office opened a pay operation in Wilkes-Barre, Pennsylvania. Substantial pay-cable operation got underway in May-June 1973 and has since undergone a dramatic growth.

Although several STV systems have been approved by the FCC none have gone into operation. (One is expected to start up imminently in New York.) Thus Pay-TV has become an integral part of the CATV industry having been introduced as a special auxiliary service on CATV systems.

The Cable Industry and Pay-TV

Cable television in the U.S. is not as advanced as in Canada and has developed for different reasons. Taking the percentage of cable subscribers as a ratio of total television equipped homes, saturation in 15.3% in the U.S. compared to 44.5% in Canada. In 1970 a Rand Corporation study predicted that cable penetration in the U.S. would maximize at 40-45%, a level which it has in fact reached only in Canada.

CATV Vital Statistics:

Cable penetration (of licensed area)	54%
Cable saturation (of all TV homes)	15.3%
CATV systems	3,405
Total CATV revenues (1974)	$770 million
Total capital investment	$1 billion
Typical installation fee	$10 - $15
National average monthly fee	$5.25

CATV systems serve an estimated (1975) 10.8 million homes in 7,705 communities. Total 1975 television homes, 70.5 million. (1)

Originally CATV was introduced in the U.S. as a community antenna system to deliver an improved television signal; later it was also used to import distant signals, mainly for network programs.

This latter use is less important than on Canadian systems. The importation of foreign signals is miniscule in the U.S.

Cable has, with few exceptions, remained a rural/small town phenomenon. Individual cable systems tend to be small by Canadian standards although TelePrompTer has over 1 million subscribers spread across the country.

U.S. cable has been unsuccessful in attracting sufficient subscribers in the well-serviced urban centres to make the cost of cabling these centres viable at $80,000 per cable/mile. These centres hold the greatest subscriber potential and, without them, the American cable industry has been marginally profitable. Yet the future success of the cable industry will be decided in these urban centres.

The Stanford study, "Analysis of Consumer Demand for Pay Television", concluded that pay-cable's impact on cable television is potentially greatest in the largest television markets where cable has so far done very poorly. In the top 50 markets it has achieved penetrations of only about 30%. It is hoped that if pay-cable can attract new subscribers that cable penetration may increase to a viable level. The study also projected that about half of the pay-cable subscribers would be located within 35 miles of these market centres by 1985. Stanford also forecast that by the end of 1976, 18% of all U.S. cable systems would be carrying pay television. The present figure is about 7%.

Paul Kagan published the following figures for the U.S. as of June 30, 1976:

Pay-cable subscribers	766,100	
Homes passed by cable	6,873,733	
% penetration of homes passed	11.1%	
Average monthly rate	$7.59	
Estimated total pay-cable monthly revenue	$5,814,301	
Basic cable subscribers	3,150,357	
% penetration of basic cable	24.3%	
Average monthly rate for basic cable service	$6.66	(2)

Pay-TV in the United States is totally cable-delivered and it is predicated on mass-appeal programming - primarily movies. The objectives of American Pay-TV strategy are two-fold:

- reduce the monopoly control of the television medium now exercised by the three major networks
- increase basic cable saturation which has been relatively unsuccessful in penetrating the major urban markets.

Consequently, Pay-TV is seen by the American cable companies as a marketing tool to make their service more attractive and, hopefully, lure the elusive urban subscriber. Pay-TV is supposed to do for American cable what the American channels have done for Canadian cable: make it attractive and profitable by offering high quality mass-appeal programming. The future of Pay-TV has evolved into a major power struggle between the broadcasters, cablecasters, theatre owners, and film producers for the entertainment dollar on the one hand and the television pie on the other.

Whether Pay-TV has been successful in increasing the basic cable penetration is disputable. Pay-TV itself is not the unqualified success which its promoters would have the world believe. The increasing subscriber totals are misleading.

The total number of Pay-TV subscribers in the U.S. has increased dramatically over the past three years. This increase has given the appearance of success which is not justified by a closer look at the figures. Pay-cable subscriber growth in the United States, including growth of the cable systems offering Pay-TV:

Date	Pay-cable Systems	Pay-cable Subscribers
4/1/ 73	10	18,400
7/15/ 73	20	35,000
2/1/ 74	38	48,300
5/15/ 74	45	66,900
9/1/ 74	50	100,120
12/31/74	55	140,000
3/31/ 75	62	188,835
6/30/ 75	75	264,575
9/30/ 75	104	351,250
12/31/75	170	469,030
3/31/ 76	190	633,250
6/30/ 76	253	766,100

(3)

The subscriber increase is a factor of the tremendous increase in cable systems offering Pay-TV. Pay-TV penetration itself has remained static at 25% of basic cable subscribers or 11% of homes passed by cable. These figures have not increased despite the increase in cable systems offering Pay-TV, and the consequent increase in Pay-TV subscribers.

One reason for this low market penetration is cost. The cable/Pay-TV combination is expensive. The average monthly cost for both services is $14.25. The average pay-cable service costs $7.59/month and the average basic cable charge is $6.66/ month. The price for individual pay-cable channels vary widely from $2/month to $10/month or more on pay-per-program systems.

Pay-TV may be more price sensitive than originally thought. Paul Kagan published the following price/penetration level survey using only systems which had been

in operation three months or more. The price category lists the pay-cable charge which is over and above the basic cable fee:

Price Category	Number of Systems	Avg. Penetration of Homes Passed
$4.00	5	8.4%
5.00	10	10.3
6.00	31	11.8
7.00	28	12.3
7.50	2	14.6
8.00	40	13.9
8.50	7	10.5
9.00	17	11.3
10.00	16	9.3
	156	11.37 (4)

Kagan's analysis of this information: "We say in all seriousness: the census shows that pay-cable prices are a) not high enough b) too high c) aren't important in the buying decision. Reason for the ambivalence: prices are clearly important on a city-by-city basis, much less so industrywide." (5) One can see from the bell curve in the penetration column that Pay-TV is price sensitive.

Another factor limiting pay-cable's penetration is the disproportionate percentage of disconnections. They average over 25% annually industrywide. This "churn" is ascribed to poor quality movies; unrealistic selling which created high expectations (HBO is sold as "better" television which it is not); lack of ongoing marketing; subscribers' financial problems; and subscribers' moving. This disconnection trend is very significant and it is examined in a separate section ahead.

The future of Pay-TV in the U.S. was considered in a study on American television in 1985 conducted by NBC-TV. This study noted that cable penetration ought to reach 30% of all TV homes by 1985, but pay-cable penetration would only reach 6.6% of all TV homes that year. Thus, according to NBC estimates, the 25% Pay-TV penetration of the cable market will not be improved in the forseeable future. (6)

Clearly the American model for Pay-TV is not the unqualified success it appears

to be by watching the total subscriber figures go up. It can't seem to extend its penetration beyond 11% of homes passed by cable and it can't retain the 25% of its subscribers which leave yearly. It has not solved its technological problems or come to grips with pay-per-program versus pay-per-channel. Over-the-air delivery of Pay-TV has yet to arrive despite early experiments. However, so much money has been invested by such powerful companies that Pay-TV will not likely disappear as it did in the sixties. Until the "churn" is resolved, Pay-TV will continue evolving in search of a satisfactory formula.

It appears that the most successful American Pay-TV systems at this time may be the universal and quasi-universal systems such as Gill Cable in San Jose and Cablevision on Long Island. The Gill approach particularly requires no new technology or heavy capital investment. This system simply sees Pay-TV as another attraction to get non-subscribers hooked up to the basic cable service. It would appear that subscribers consider 2 new movies monthly worth a $2 rate increase. This formula equals the income from a standard Pay-TV system but with lower programming expenses. In other words, $2 x 100% penetration = $8 x 25% penetration. So far, basic cable penetration has increased in these systems.

Century Cable in Redondo Beach, Florida, surveyed their subscribers and found 58% would pay an additional $3/month for 4 movies per month. The universal systems are copying the Canadian cable practice of offering premium programming to attract subscribers- new movies in the U.S.; U.S. networks in Canada. However, so far the American Pay-TV experience has been noticeably less successful than the present Canadian cable experience. The reason for this difference could be explained by the suggestion that the U.S. networks offer programming which is "lower" in its common denominator and "masser" in its appeal than Home Box Office. Also, three channels have more programming variety than one channel.

Pay-Cable Disconnection Trend

An analysis of pay-cable subscription levels in older systems reveals a trend in most cases of decreasing penetration. This trend has become the subject of frequent comment in the trade papers.

Paul Kagan wrote on February 3, 1976:

> "Cable operators nationwide have sold the most solid part of the new medium's potential and they are growing increasingly concerned about the disconnect rate.
>
> As the census figures show, many systems long ago flattened out. Others are beginning to experience a slight attrition, as the number of new subscribers does not equal the number dropping off." (7)

Looking at the figures from Kagan's March 31, 1976, pay-cable census, Cablevision said:

> "These simple charts, broken down by system size for Kagan's census, show what is almost an alarming trend: no increase in saturation levels. This indicates that customers are leaving; the levels remain about the same because of marketing activities. Our preliminary reports for next issue's figures, by the way, show about the same results.

PAY CABLE SYSTEM PERFORMANCE

	# Systems	# Subscribers	Pay Subs	# E.S.	% Pay Pene.
Cable Systems with 10,000 + Subscribers					
12/75	59	1,425,200	348,570	7	24.4%
3/76	88	2,014,719	494,050	17	24.5%
Gain/Loss	+29	+589,519	+145,480	+10	+0.1%
Cable Systems with 3,500-10,000 Subscribers					
12/75	50	322,800	94,325	3	29.2%
3/76	62	433,512	106,100	5	24.4%
Gain/Loss	+12	+110,712	+11,775	+2	-4.8%

Cable Systems with Less Than 3,500 Subscribers						
12/75	39	69,850	24,285	0	34.7%	
3/ 76	42	87,013	29,970	0	34.4%	
Gain/Loss	+3	+17,163	+5,685	0	-0.3%	(8)

Kagan's census also revealed that 17 of the top 50 pay-cable systems had lower subscriber totals in late March than they had 3 months earlier. He added:

> "Many of the growing systems were selling in new areas. Right now, cable operators are more concerned with this churning of customers than they are with any other single item, including security." (9)

Therefore, the dramatic increase in pay-cable subscribers over the last two years- from 100,000 in September, 1974, to 766,100 in June, 1976- has been misleading. This has been "horizontal" rather than "vertical" growth. Total subscribers will continue to increase since only 23% of U.S. cable subscribers had been offered Pay-TV service by March, 1976. Yet, of those systems offering Pay-TV, the average number of pay subscribers has remained a constant 25% of basic cable subscribers. In older systems where Pay-TV marketing has slowed or stopped, the pay subscribers are declining rapidly.

The Pay-TV disconnection rate has been estimated roughly at 24-30% per year. This is almost double the annual disconnections which Toronto cable systems experience because of moving. Scarboro cable has 15-17% annual disconnections with a penetration of 68%. Canadian Cablesystems has an annual disconnection rate of 15-20% for all of its systems which average 76% penetration. The higher the penetration, the higher the disconnections. Thus, a 25% disconnection rate at 11% of homes passed is very high. (10)

This pay-cable attrition can be easily seen by comparing subscription figures for seven selected pay-cable systems. The seven cities in the following chart are geographically and demographically disparate. They range from Los Angeles to the largest pay-cable system in Long Island to the oldest system in Wilkes-Barre, Penn. Columbus is a pay-per-program operation and Long Island is quasi-universal. All of the pay-per-channel systems have peaked their subscriber totals and nearly every pay-cable system in the U.S. is pay-per channel.

		Sept.9-74	April 1-75	July 1-75	Sept.30-75	Dec.31-75	Mar.31-76	Jun.30-76
Bradford, Pa.	HBO	1,140	1,070	1,300	1,300	1,100	1,125	1,090
Columbus, Ohio*	HBO/ TPS	900	700	2,000	2,500	3,200	4,100	4,600
Los Angeles, Cal.	TPS	14,000	26,000	33,000	37,000	37,000	35,000	33,000
Quint Cities, Ill.	TPS	4,200	6,750	6,100	7,400	7,700	8,500	7,700
San Diego, Cal.	CH100 TPS	14,200	20,000	22,000	20,500	20,500	20,000	17,800
Toledo, Ohio	CH100 TPS	7,500	6,500	6,300	5,500	5,500	4,900	4,264
Wilkes-Barre, Pa.	HBO	2,500	3,000	3,000	2,600	2,600	2,800	2,200
Long Island, N.Y.***	HBO	**	20,365	32,000	42,000	55,000	60,700	64,000
Total Pay Subscribers on these Systems		44,440	84,385	105,700	118,800	132,600	137,125	134,654
Total Pay Subscribers (U.S.)		100,120	188,835	264,575	351,250	464,980	633,250	766,100
Total Cable Subscribers in Systems offering Pay-TV		**	**	1,182,000	**	1,928,150	2,530,452	3,150,357

* pay-per-program
** no information
*** quasi-universal - Pay-TV is "basic" cable service

(11)

One small cable system in Bangor, Pennsylvania, had offered Home Box Office to its subscribers for 16 months. During that time it lost 38% of those who connected to the pay service, or a 2.38% monthly disconnection rate. these disconnects occurred in the first 7 months of each pay subscriber's service. The owner of this system considered his experience typical. (12)

The major cause of this "churn" appears to be poor quality movies. Pay-TV is sold as a premium quality service, but pay-per-channel systems are locked into a quantity syndrome. The owner of the largest pay-cable system in the U.S., Chuck Dolan of Cablevision Systems of Long Island, N.Y., told a Pay-TV convention earlier this year that the major reason for disconnections are "rate increases"; "an unfriendly or confused press"; and "an over-expectation of what movies subscribers are going to get. Nobody says they didn't like the sports." (13)

Kagan sees the "churn" in terms of pay-per-channel *vs.* pay-per-program:

> "The technological need to sell Pay-TV programs on a monthly package basis seems to be the root cause of the problem. Cable operators who promise their subscribers "X" movies a month apparently are fearful of reducing quantity when quality is lacking. This has continued in the face of concrete evidence that the impact of any one or two really bad films wipes out the impact of several really good ones... Indeed, it is the whole idea that Pay-TV is a magazine that has led to the problem. It was supposed to be a box office. But when the industry saw that true box office programs were few and far between, it began filling up the channel in an attempt to persuade the viewers to wait around." (14)

Whether the disconnection problem is a "growing pain", or a terminal illness, it does indicate that the existing American pay-cable system may be failing despite large and continuing leaps in total Pay-TV subscribers. American pay-cable entrepreneurs may have to choose between radically altering their conception of subscription television, or writing off their present investment in it.

Hollywood and Pay-TV

The situation of Pay-TV in the U.S. raises questions about how it can survive. The largest Pay-TV distributor, Home Box Office, is surviving because it is backed by Time Inc. which can afford to lose millions - and is. The voracious financial appetite of Pay-TV forced Telemation Program Services to join HBO and Time Inc. rather than compete. Another factor in the survival of Pay-TV to date is the fact Hollywood is subsidizing it.

The apparent objective of Hollywood in subsidizing the programming costs of Pay-TV is to gain a firmer foothold on television and reduce the nearly absolute control which the major networks now exercise. The Hollywood film companies have been the major program producer of the U.S. networks since the demise of live production in the early sixties. This program production includes dramatic series, made-for-TV movies, and theatrical films released on TV. Despite this major production role, control of programming has remained with the networks, as have television's profits.

Pay-TV is seen by Hollywood as a competitive lever against the networks as well as a new potential market for theatrical movies. Hollywood companies have been renting films to Pay-TV at rates many film executives consider to be below the market value. Increasingly, Pay-TV operators are being told these rates will rise. Hollywood has accepted the pay-per-channel structure of pay-cable despite a loudly proclaimed preference for a pay-per-program system. Finally, the major film producers have backed the new medium over the strong protests of their largest customers- the theatre owners. This did not happen in the early sixties when distributors bowed to pressure from the exhibitors.

The role the Hollywood companies see for themselves in Pay-TV is obviously larger than the role they have played so far as program suppliers. Each company has set up a corporate Pay-TV office to handle film bookings directly from cable operators. This tends to undercut the established distributors such as Telemation Program Services. The most visible example of this trend by the film companies into Pay-TV distribution was the formation of Hollywood Home Theatre by United Artists and 20th-Century Fox. This process was described by Kagan in the following terms:

> "HOLLYWOOD has been concerned, from outset, that new pay TV industry would consolidate picture bargaining power in same manner that commercial networks have. To Hollywood, HBO has been spelled CBS since day one.
> Big 7 film distributors have taken varied approaches to pay TV as they attempt to subsidize new medium in its infancy by making product available while simultaneously hoping to preserve bargaining power for future." (15)

In addition to these developments in Pay-TV distribution, several film companies are already heavily involed in cable as multi-system operators including UA-Columbia and Warner Communications. While the major producers are trying

to compete with commercial television through pay-cable, other communication conglomerates are trying to end-run pay-cable with over-the-air Pay-TV. The most prominent is Wometco Corp. which is a Coca-Cola bottler, major film exhibitor (200 screens) and television station owner (KVOS-TV, Bellingham). They have spent millions developing the Channel 68 project in New York.

The future of Pay-TV in the United States may depend as much on the industrial strategies being developed by these conglomerates in their fight for control of the electronic media, as it does on the wishes or preferences of the Pay-TV consumer.

The Political Climate for Pay-TV in the United States

The introduction of pay-cable in the U.S. and its subsequent growth has been a matter of great controversy. This issue has crystallized over the Federal Communication Commission's regulation policy.

In 1968 the Commission released its fourth Report and Order which authorized STV, or over-the-air Pay-TV, as a regular broadcasting service. This followed over a decade of Federally sanctioned experimentation, during which FCC policy was developed and Reports and Orders issued in 1957, 1958 and 1959. In 1969 the Commission released a fifth Report and Order detailing the criteria for STV applications which spelt out, among other things, that authorizations would be granted only to licensees or permittees of commercial television broadcast stations, and only for stations whose principal community exists within the grade A signal contours of five or more commercial TV stations (including the applicant's).

The rules adopted were designed to integrate Pay-TV into the entire broadcasting system, ensuring that quality programs available on commercial television would continue to be available to the public at no extra charge. The approach taken was that Pay-TV must be introduced as a supplement to advertiser-supported television and must not take over parts of its programming.

The reasoning behind this approach was twofold:to protect the $28 billion investment by the American people in television sets, made in the expectation of receiving programming at no additional charge from commercial broadcasters;to prevent Pay-TV from intruding on conventional television's supply of product (movies and sports) by delineating a Pay-TV "window" (i.e., pay television's access to these programs).

The rules governing STV were subsequently applied to cable companies when they began offering their subscribers extra program channels for a fee (either per-channel or per-program). In 1972, the FCC began the proceedings for a separate pay-cable policy which resulted in the March 20,1975 rules

regulating cable subscription television. Though very complex in their entirety, these rules, which are based on those for STV, and only slightly less stringent, can be summarized as follows:

1) At least 10% of pay television programming must consist of material other than feature films and sporting events.
2) Feature Films:a movie can only be shown on Pay-TV:
   - within three years after the film's original theatrical release (the rules originally stipulated two years and were extended to three in 1975).
   - more than three years after its theatrical release provided the film is licensed for commercial television exhibition in the same market served by the pay-tv system.
   - that has been in theatrical release for ten years or more (and not shown on commercial television within the previous three).
   - that is in a foreign language and not dubbed.

3) Sports Events:may be broadcast live if the specific event has not been carried live on commercial television in the same market in any of the previous five seasons. Regularly occuring sports events such as the Olympics cannot be shown on pay television if they have been carried on commercial television during the preceeding ten years.

The programming regulations, and particularly those covering feature films, have been the biggest bone of contention between proponents and opponents of pay-cable, both before and after the 1975 announcement. For their own various reasons, the Pay-TV industry, the commercial broadcasting interests, the movie theatre owners, plus the U.S. Department of Justice, and factions within the U.S. Congress, have all opposed the FCC rules.

At one extreme the commercial broadcasters are opposed to any slackening of anti-siphoning rules. They maintain that the obvious interest of pay-cable in the high-grossing, mass audience categories of programming (which are the staple of commercial television), added to the economics of pay-cable, will inevitably and inexorably cause the removal of those programs from commercial television. Their position is that the situation can afford no compromise.

The other side argues that the marketplace (i.e. the freely expressed preference of the public), and not artificially constructed FCC rules, should determine how pay-television develops. The Motion Picture Association of America has, since the sixties, been the strongest proponent of the view that Pay-TV, or "The Family Choice Channel" as Jack Valenti calls it, is a matter of freedom of choice. The MPAA says that FCC rules are in violation of the First Amendment's guarantee of free speech.

The CATV industry, the MPAA, and the Department of Justice have all called for a complete suspension of the rules governing pay-cable, both to allow the nascent industry a period of experimentation (after which some rules may be in order), and to permit and ensure the free interplay of competition. The FCC role has been criticized for unfairly protecting broadcasting interests or, as the study of cable television prepared by the staff of the Subcommittee on Communications of the House of Representatives' Committee on Interstate and Foreign Commerce phrased it, for "interpreting its mandate as a primary concern for individual broadcasters and not the needs of the audience being served".

One result of the pressure on Congress from these various quarters has been the hearings, still going on, before the Senate Subcommittee on Antitrust and Monopoly of the Committee of the Judiciary, regarding the alleged practice of warehousing carried on by the networks. This practice denies pay-cable's access to film products by obtaining exclusivity clauses in film contracts well in advance of network air date.

However, the pre-eminent issue has been siphoning. There is very little data proving one way or another whether siphoning is a real danger. The issue really boils down to one faction's word against the other's. The MPAA and the National Cable Television Association maintain that pay-cable will not siphon and that they are interested only in specialty kinds of programming not shown on commercial television. They also point out that the FCC should be monitoring the situation as a matter of course in such a way that it could move in quickly and decisively should a siphoning situation emerge.

" WITH A NATION-WIDE, HIGH PENETRATION PAY-CABLE SYSTEM, IT IS ENTIRELY POSSIBLE FOR A PRODUCER-DISTRIBUTOR TO HAVE HIS INVESTMENT IN A PICTURE RETURNED IN ONE NIGHT WITH ONE COPY, WHEREAS IN THEATRICAL DISTRIBUTION IT MIGHT TAKE AT LEAST A YEAR WITH SEVERAL HUNDRED PRINTS. .... IN TERMS OF TODAY'S REALITIES, IT IS CLEAR THAT THE "LOGICAL," "COMMONSENSE" SEQUENTIAL RELEASE PATTERN THEORIZED BY MR. VALENTI SIMPLY DOES NOT EXIST, AND NEVER DID."

THOMAS H. GUBACK

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In addition to the argument between the broadcasters and the cablecasters, which has been presented to the Courts, Congress and the FCC, the pay-cable controversy has also involved some public debate. Both sides, represented respectively by the National Association of Broadcasters and the National Cable Television Association, are mounting propaganda campaigns to curry public opinion in their favour. (See summaries at the end of this section.)

The dispute remains to be settled, but it should be understood that pay television is not an isolated issue but one which rebounds on politics in a number of related areas. It has brought very powerful political and economic interests into play.

Pay-cable is a part of the older struggle regarding CATV, its place in the American broadcasting system, and its impact on small broadcasters and VHF stations in larger markets. The broadcasters have also seen the introduction of this new technology as a threat. They point out that the cable industry has inserted itself into the television industry by selling a service to the public using broadcast programming for which it pays nothing. While NAB does not oppose CATV program origination, regarding this as "healthy competition", it has demanded regulation of CATV, and copyright laws which would require royalty payments from cable companies.

Less controversial, but still a matter for concern, is the pay-cable relationship to the "wired city" of the future. Although pay-cable is now mainly an extension of programmed television service, it is also the vanguard of complex information and data handling systems which are being designed for home use. In the "wired city", the television set becomes a display apparatus for a whole gamut of new functions. Videotron in St. Hubert shows interactive telecommunications via two-way coaxial cable (e.g., catalogue shopping at home, computer banking, dial-a-book or film library service) may not be a pipe dream.

Pay-cable is likely to be the thin edge of the wedge as far as demand television and non-programmed information service is concerned. Pay-cable therefore raises enormous and difficult questions about how the "wired city" is to develop and how existing telecommunications and media systems will adapt to it.

While pay cable has been considered primarily as an extension of broadcast television, it is equally important as a new addition to the film production and distribution industry. The MPAA clearly regards Pay-TV as a new market behind an electronic box office and a new step in a sequential distribution system for Hollywood feature films (i.e., from theatrical release to pay television to network television to syndicated television). It is significant in this regard that the first Pay-TV program supplier on the scene called itself Home Box Office.

The fly in the ointment of sequential distribution is the scheduling. How can film exhibition be orchestrated throughout the country in such a way as to preserve the integrity of each market? The National Theatre Owners' Association has reason and some evidence (cf. Guback study) to doubt that sequential distribution can be made to work as well in practice as in theory. While FCC regulation has instituted protection for broadcasters, there is no such protection for theatres from pay-television siphoning of their audience.

It should be pointed out that the Pay-TV issue *vis-a-vis* the film industry is affected by the power politics being played by the Hollywood majors. From their point of view, Pay-TV adds a new player to the game which heats up the competition for a diminishing supply of product, thus strengthening the producers' hand in what is already a seller's market.

Summary of the Position of the
National Association of Broadcasters

According to press accounts, NAB has targeted $1 million for advertising and public relations activities to support their "anti-siphoning" program.

- reported to the Anti-Trust Hearing by David Foster, National Cable Television Association president, June 1975.

1. "Free" Television: NAB states that all programming is made possible by advertising revenues so that the only cost to viewers is the price of the set and an average annual maintenance of $26 (total $1.9 billion). No extra charge is made for programs which viewers receive free. Americans put $28 billion investment into television sets - about 1/2 colour over the last ten years and 68 million homes have sets. NAB further maintains that advertising, rather than increasing the cost of consumer goods, reduces prices because it creates a mass market which makes mass production and distribution possible.

2. Brookings Institution Study: (Economic Aspects of Television Regulation: Brookings Institution Press, 1973) $20 billion or $25 per household per month is the value of over-the-air television to Americans. This is equivalent to 4% of after-tax household income. The study further found that lower income households benefit most. People with incomes under $5,000 watch more TV than people with incomes of between $5,000 and $10,000 and similarly they watch more TV than those with incomes over $10,000.

3. Cable: Cable can improve over-the-air signals, but in some areas cable makes the signal poorer. It is very expensive to install. According to the President's Task Force on Communications Policy (Complan Associates Inc.) which was set up to investigate the feasibility and cost of installing cable throughout the U.S.A. (the wired nation), it would cost $250 billion or half the national debt to wire the nation. (Actually this is the high estimate. Low estimate = $82.5 billion.) NAB therefore considers that cable expectations should be approximately 1/2 penetration of television homes (confirmed in Rand study) and further maintains that poor inner-city and

rural areas will be by-passed by cable. For example, cable has gone into Beverly Hills but not Watts. Cable goes where the highest paying customers are and the expense makes it uneconomical to cable areas with less than 350 homes per square mile. Given the high cost of cable technology, NAB maintains that pay cable is a service that cable companies now must go into in order to continue selling their basic service.

4. Economics of Siphoning: NAB states that free television's top attractions are pay cable's prime targets. Pay cable systems (according to NAB) have repeatedly stated that they cannot make a profit without mass entertainments - i.e., movies, sports and special programs with star performers. (Track record of pay cable supports this contention.) As pay cable hasn't developed popular programs of its own, it inevitably will be going after the same programs and material as broadcasters. The simple economics of siphoning are that a relatively small audience of pay cable subscribers can generate enough money to outbid free television for popular programming.
Movies: 5 million homes now have cable service. If 1 million pay $1.50 for a movie that will generate $5 million. Free television generally pays $800,000 for a film and sells advertising at $2.50 per 1,000 viewers. (NAB doesn't compute the figures in its propaganda. Presumably here it is talking about a 30 or 60 second spot which would here be worth $25,000; several, of course, would be sold for each movie. What NAB is intimating here is that pay cable can get high revenues in a showing. But they don't provide the figures to prove it. On the face of what is said in their literature, the high per capita revenue from pay cable could give the cable people leeway to drive up the price. NAB doesn't say that the broadcasters would be unable to compete.) NAB concludes that 1 million pay cable viewers could thus be in a position to deprive 67 million other viewers of program favourites that they now get without direct charge. Or 3% of the TV audience will be in a position to take away programs from the other 97%.
Sports: On free TV, twice as many people see pro football as all the spectators in NFL stadia during a season. Each game of the World Series attracts a TV audience over twice as large as the total major leagues ball park attendance during an entire season. In 1974, the Super Bowl had a national audience of 70-75 million and CBS paid $2,750,000 for the TV rights. On pay cable, 1 million viewers at $5.00 each could double this price. (Again

NAB is not being strictly accurate. At those figures pay cable operators could generate 1.8 the CBS figure in gross revenues which wouldn't, even at that, all be available for program purchase.) The Frazier-Ali fight in March 1971 was broadcast via closed circuit in the U.S.A. and Canada to 1,500,000 spectators for a gate of $16,300,000. But this represented only 5% of the audience for the Robinson-Fullner fight ten years previously. (What's there to read between the lines is NAB's contention that pay cable is undemocratic and exclusive.)

NAB concludes that pay cable is not operating a new service to complement free television, but is in direct competition. Pay cable is not developing its own programming, and there is no incentive to do so. The system rides into viewers' homes on the back of free television programming and pays nothing for it. Pay is just added on top of the injury. Moreover, pay cable has not been subject to the FCC policy encouraging public affairs, news and other expensive kinds of programming. In sum, pay cable is certainly not offering more diverse programming. Just the opposite: it trades on more concentrated, unvariagated forms of the most popular and highest grossing free television programs.

5. Effects: The removal of popular programs from free television will discriminate against low income viewers and those who cannot get cable in the first place. Economic Associates Inc. Study found that 20% of the consumer units at the bottom of the income latter (14.6 million units or 5.3 million households earning less than $3,450 a year) would be deprived of 80 programs in movie and sports categories.

Average 1973 Expenditure in Low Income Group:

Total Expenditure	$2,150	Percentage
Recreation	84	3.9
Passive recreation	58	2.7
Active recreation	26	1.2
Reading	19	.9
Radio, records, musical instruments	9	.4
Spectator admissions	4	.2
Television	26	1.2

Study observes:

- the audience for sports is particularly dependable. Experience has also demonstrated that movies which have become widely known through recent theatre exhibition or which attract audiences because of the current popularity of the theme or featured artists generate considerably higher viewing levels. (NB: Free TV has been obtaining films earlier, as a few years ago it was generally five years after theatre release and now it is close to three years after. The NCTA also maintains that more people who actually first see a film in the theatre still watch it on television.)
- big sports events almost all attract between 20 and 30%. Popular movies almost all attract 20%.

Thus NAB concludes that pay television will affect the poor who only have $84 a year to spend *in toto* on recreation. They also quote the Hartford experiment where it was found that low income groups tended to be those excluded from STV (under $4,000 category) and even some of those in the $5,000 to $10,000 category lost out.

6. NAB: NAB exhibits a distrust of the FCC resolve to regulate pay cable... in so many words. Thus though commercials are not permitted now, NAB wonders whether this will always be the case. "Nothing to stop them reversing their decision." Though NAB claims not to be against pay cable *per se*, it is obviously not confident that pay cable can be made to work. It seems to be saying that pay cable by its nature is a danger to free television, so it is hard to see how pay in any form could be good.

NAB Position on Program Siphoning by Pay-Cable:

NAB accepts cable television as a communications system to supplement free over-the-air TV. It rejects the use of this system to siphon off television attractions now available to all viewers without charge, and to offer such attractions to a limited number of cable television subscribers for a charge.

The National Association of Broadcasters believes that the siphoning of programs from free broadcast to pay-cable TV would be harmful to the public in three respects:

- Some attractions now available without charge to the general public via free broacast TV would be available only at a charge to the much smaller number of pay-cable subscribers.
- These programs would not be available at all to the millions of poor people who could not afford to subscribe to a cable service.
- Some people, such as many who live in rural areas, who do not - and never will - have cable connections in their homes will forever be denied the programs siphoned away by pay-cable.

In summary, the National Association of Broadcasters opposes pay-cable television on this one ground: that any siphoning of programs which might take place would result in public deprivation rather than public contribution.

What NAB Does Not Oppose:

1) Cable TV. In its technical roles of improving the picture on the home set and bringing broadcast programs to areas beyond the range of over-the-air, cable TV makes a contribution to the public interest. Cable TV, when it originates its own programming and thus offers viewers a still wider choice than that which is available on over-the-air channels, is healthy competition in the best American tradition of free enterprise.
2) Pay-cable TV itself. The pay-cable operator who can offer viewers truly new choices of programming is healthy competition. Viewers able and willing to pay to see such programs should have every opportunity to do so.
3) Over-the-air Pay-TV. That industry to date appears willing to operate within the FCC rules against siphoning.

Summary of Pay Cablecasting and Consumer Choice:
A Report from the National Cable Television Association, January, 1974

Pay cablecasting gives subscribers, for a small fee, new programming - sports, movies and other specialized programming - not carried on commercial television.

CATV: Cable's original potential was the coaxial cable with its capacity to carry multiple channels into the home. Today cable provides - (1) improved

reception of local signals, (2) wider choice of program (really signals) through importation of distant signals, plus (3) special channels carrying information, data and local originations and community access channels, and (4) potential for more specialized entertainment.

Sloan Commission: "The expansion of cable communications can mean much more to the American people than better reception and more conventional programming. This new and immensely powerful technology can also be put to use to serve the public interest in a great variety of ways."

Pay cablecasting is one such service. Pay cablecasting is not cable television; it is one significant service offered by a growing number of cable operators. Gives consumer additional program options and more control over how and when these are viewed. It also has the potential to stimulate program production of new programs for a more narrow interest, educational and informational services. Pay cable comes via per-program or per-channel - the subscriber might "pay for a special channel entitling him to an entire month's programming. Of course, the cable TV subscribers may decide not to take the pay cable channel at all. The choice is all his own." (Here the report deals with the disadvantages of per-channel *vs.* per-program on the matter of choice. Argument unconvincing.)

Television: Pay Cable and Consumer Choice:

When broadcasting was established in the U.S., options for financing the programs were public, tax on sets, advertising support. In opting for the latter, developed a medium which is at once shaped for mass taste and controlled by it. While TV has succeeded as a mass appeal medium, most agree that significant special interest audiences haven't been well served by commercial television, and given the constraints of commercial TV system probably will never be so served. (In brochure, quotes screen writer Edward Anhalt: "The three television networks have imposed what amounts to a cultural totalitarianism on this country in which any program that is not seen in 15 million homes is doomed either to extinction, obscurity or transmission exclusively to insomniacs.")

Pay cable, by contrast, is a medium of choice where programs are purchased directly by the consumer. The economics of broadcasting are that the advertising

pays the broadcaster for access to a large percentage of the nation's 66 million television homes. The economics of cable are that if enough viewers are willing to pay for a program, it can be produced and delivered to even a small percentage of these 66 million homes.

Programs now offered by pay cable are giving subscribers new choices. (NCTA list does not include new formats - the old categories - movies, sports, etc. - which it claims are top quality, specialized, etc. on pay cable.) Some pay cable systems are experimenting with special educational programs - how-to programs - (this would be a new kind) and other original productions, and are negotiating for special high quality programs produced in other countries. (No substantiation for its programming claims.)

Though pay cable is still in the developmental stage, it is already apparent that it is expanding viewers' program options. Pay cablecasters know that to succeed they must offer programming that is not available on commercial television, whatever the category. Also notes that there is a demonstrated consumer demand for greater abundance of program options.

Advantages of Pay Cable to Consumers:

- Real choice: Allows the consumer to purchase what he wants, when he wants it. (Not quite true, as original selection being made - not a demand medium yet in the true sense.) If the consumer wants to see or does not want to see a particular program, he makes that decision, nobody else does.
- Convenience: With repeats and encores at different times and on different days, viewers are given greater choice and can view movies in the comfort of home. Scheduling on traditional television does not take into account people doing shift work, etc. Also allows viewer to pre-screen programs for children. Therefore gives a degree of diversity, convenience and control not available on conventional television.
- Cost: Economics of pay cable allow a lower cost than for most forms of entertainment. Charge is the same no matter how many individuals watch an individual TV. Thus pay cable can be extremely important for shut-ins, elderly and low income groups. The idea that pay cable is a service for the affluent is a misconception. Will in fact give access to numbers of Americans to programs which they couldn't get or couldn't afford before.

- Greater Entertainment Options: Thinking of people in small towns where variety of live entertainment is very limited, variety of movie houses is also limited, pay cable has a great deal to offer.
- No Advertisements: A study done for the motion picture industry by Yankelovich Research Film found that 4 out of 5 feel commercial interruptions spoil movies. Pay cable offers relief from that.
- Programs are not edited or cut: Do not have to conform to rigid scheduling of conventional television. Can also be unedited, preserving artistic integrity.

(Note that in this section NCTA likens pay cable to best points of both television and live entertainment.)

Expanded Choices: Film and Sports

Movies: Pay cable is an important development for both the consumer and the film industry. Films on TV are released on average five years after first release (NAB says now averaging three years). Pay cable is an important new step in the film distribution process, one which does not harm either theatres or commercial television but gives American consumers a greater degree of choice over when and how they view feature films. It is simply another option for the consumer and nothing is taken away from theatre or regular television. Makes statements that don't want to and won't siphon. Pay will also stimulate new production, a development which would benefit the public, the motion picture industry and distributors. Pay is a way of reaching new markets and developing new forms of entertainment. In 1946 the weekly admission to movies amounted to 80 million; in 1973 it was 17 million. More than 60 million do not go to the movies at all and the median age of those who do attend is 21. 70% of attenders are under 30. The "lost audience" doesn't go to movies partly (according to various studies) because they don't like the product. (Actual references for this not given.) Postulates that pay cable could be the impetus for a renaissance in fine film-making.

Sports: Only 30% of major league pro games are shown on television. Baseball less than 30%; basketball, baseball, football and hockey together 28% local games and 55% away games not available. Americans should have the right to see what is not now being covered. The fear that pay cable, by getting into sports at all, will cause the shift of major events to pay television is unfounded. The FCC has rule to prevent this from happening. Congress has also opposed this.

Performing Arts

The creative community (including the arts as well as the motion picture industry) requires new, supplementary markets to survive. There should be the opportunity to develop new forms in the marketplace where the public can arbiter what they want. (i.e., insinuates that rules will create an artificial product in a manner which discounts public choice.)

Re: the possibilities for the performing arts which have not been able to expand into new markets and which are plagued by high deficits because of the nature of their labour intensive production, and which have been disenfranchised from commercial television because their programs lack mass appeal. If the performing arts cannot get wider markets, they will more and more become an entertainment alternative for the rich. Pay cable offers a realistic hope of taking the arts to underprivileged and to isolated communities, i.e. democratizing the arts.

Education:

There are needs here to develop techniques that are more efficient and expand the open, adult education programs. Pay cable obviously has a role here.

In Sum:

Pay cable operations to date offer evidence that there is a degree of consumer acceptance and interest in receiving special programming at home; the creative community will thereby benefit by access to the lost audience and the possibility of new production; educators and other professional groups see the potential for using new delivery systems in a cost effective and efficient way.

The opposition to pay cable: some say have been using scare tactics. Have certainly an effective lobby at the FCC. But the facts do not support the broadcasters' allegation *re.* siphoning. NCTA asserts that pay cable development will not result in people having to pay for what they now get on commercial television, but that it will result in more programming and a greater variety of programming. The broadcasting industry's 1972 net profits exceeded the cable industry's gross revenues by $100 million. So broadcasters are not in dire financial straits.

Cries of ruin always heard when a new technology arrives and those already on the scene have to adapt.

The NCTA's position and discussion on pay cable is set in the context of a movement towards consumer sovereignty afoot in the U.S. The key to its position is that pay delivers what the public wants and business should be allowed to service free choice.

Summary

The American Pay-TV experience is still evolving and final conclusions cannot be drawn. However, the present Pay-TV phenomenon which began in 1972 and now encompasses nearly one million subscribers may be on the verge of failure. The disconnection rate indicates that older systems are losing more Pay-TV subscribers than they are gaining. Increasing subscriber totals result from new systems offering pay-cable rather than increasing penetration in older systems.

Early American Pay-TV experiments failed because market demand was weak, technology was primitive, opposition was severe, regulatory restrictions were stringent, product was limited, and financial support was not strong. The success of the present phase led by Home Box Office and Telemation Program Services can be attributed to strong financial backing from organizations like Time Inc., subsidization of product by Hollywood, and the weakening of opposition from theatre owners as the film audience continues to decline. However, commercial television continues to dominate regulatory thinking at the Federal Communications Commission.

Nearly all American Pay-TV systems are pay-per-channel delivered by cable for an average charge of $8 monthly. The *raison d'etre* of Pay-TV is to increase basic cable penetration. The high disconnection rate has been attributed to this high cost and the lack of enough high quality programming to fill an 84 hour per week schedule. While these problems stopped Pay-TV in the sixties, the commitment of large conglomerates in the future of this medium is likely to ensure that Pay-TV, in some form, will continue.

"THE ONLY MODEL THAT YOU ARE USING IS THE AMERICAN MODEL AND WHAT I AM REALLY SAYING IS: FORGET THE AMERICAN MODEL. I DON'T THINK THAT THE AMERICAN MODEL IS OF ANY USE TO US AS WE GO FORWARD IN THIS DEBATE. I THINK IT IS A BORING MODEL. IT IS GETTING US CONSCRIPTED."

PETER PEARSON, DIRECTOR
SPEECH TO CCFM PAY-TV SEMINAR
AUGUST 19, 1976

CASE STUDIES

Early Experiments

1) *CHICAGO, ILLINOIS*

Pre-Second World War experiments in "pay-radio" were tried in Europe. The first major attempt to develop "pay-television" was announced in 1947 and implemented in Chicago in 1951 by Zenith Radio Corp., a major manufacturer of electrical products. Termed Phonevision, this system required the subscriber to have a telephone and, of course, a TV set (only 34% of Chicago households had television at that time). There were 300 subscribers in this test. Each television set was connected to a decoder and the telephone line. The off-air picture was scrambled - blurry audio and video - until the subscriber telephoned his order. Then a signal was sent out to unscramble the picture and sound.

Programming was exclusively old movies available only after their theatrical run. Each evening a different film was shown. Though the films were at least two years old and often older, only 20% of the subscribers had seen them in a theatre. The charge was $1.00 and the average weekly expenditure per household was $1.73. The dollar was simply added to the telephone bill. Impulse buying inflated the phone bills beyond the ceiling that the subscribers were willing to pay and the experiment collapsed.

Research by the University of Chicago on the Phonevision experiment indicated that 65% of Chicago households would pay $1.00 to see new movies on television and 45% would pay to see sports not available on TV. If the Zenith system had been available to all Chicago families, between 240,000 and 340,000 subscribers might have joined. (The low figure with a telephone connection and the high figure without it.) Zenith called Phonevision a success and petitioned the FCC in 1952 to establish a national subscription television service. Though the FCC actually authorized over-the-air Pay-TV experiments as early as 1950 with the Skiatron System in New York, it didn't decide that it "officially" had such authority until 1957. Closed circuit Pay-TV was another matter.

2) *PALM SPRINGS, CALIFORNIA*

Palm Springs is a wealthy resort area three hours drive from Los Angeles. It is also surrounded by mountains high enough to cause reception problems for television signals beamed from that city. This wealthy, television-poor location was picked by International Telemeter for their experiment in "pay-cable" (Pay-TV delivered by coaxial cable).

Telemeter equipment was developed in 1949 and the operation was taken over by Paramount Pictures, owner of 50% of Telemeter at the time of the Palm Springs test in 1953. A cable system was built from scratch. For an initial $150.00 fee plus $5.00 and tax monthly the subscribers were connected to the cable and Los Angeles television. If they wanted the Pay-TV service too, they paid $21.75 for the Telemeter box and were charged a monthly minimum of $3.00. Despite the high cost, 512 sets were connected to the cable and 71 were equipped with Telemeter when the system was inaugurated with a college football game for $1.

The Telemeter box had a coin slot into which the subscriber had to insert coins. Each program had a specified price to a maximum of $2.00. (For more details on this box see Etobicoke below.)

By February, 1954, subscribers were signing up for Telemeter at the rate of 20 per week. First run movies were the staple programming and drew an average viewership of 80%. All programs averaged 60% "attendance". However, the local theatre owners began pressuring film distributors not to rent films to Telemeter. After a drive-in threatened a law-suit only Paramount continued to supply the system. The operation was closed down in April, 1954, with 170 still-paying customers spending an average $8.70 per month on the pay-per-program format.

The system had been a financial success. Telemeter told the FCC: "This test provided initial evidence that, given special entertainment and sports not otherwise available on conventional television, the public would respond and pay for such home entertainment at a rate which would justify the operation from an economic standpoint." (1) The results were inconclusive however, because of the poor quality of local television reception and the above-

average income of the local population providing an exceptional advantage to the system.

3) *BARTLESVILLE, OKLAHOMA*

This prosperous city of 28,000 is located 60 miles north of Tulsa. In 1957, the city had 8,000 households with television of which 4,500 could receive service via 38 miles of cable. The cable was leased by the operator at a total cost of $3,290. monthly plus $25. for each subscriber connected to the system. After a month of free operation, 545 people signed up for the 2 channels when service officially began October 1, 1957.

Since the operator, Independent Video Theatres, was a major theatre chain in the Southwest and also owned Bartlesville's four theatres, it is not surprising that distributors, with two exceptions, supplied pictures. Thirteen first-run films and thirteen re-runs (called Telemovies) were supplied monthly. Unlike previous experiments, this was a pay-per-channel (or two channels) rather than pay-per-program system. Thus each subscriber paid $9.50 per month for 26 movies.

Those who could afford the service were enthusiastic. One housewife told Newsweek: "It's the greatest thing since the flip-top box. It's instant movies. You can hear every word because there isn't anyone chewing popcorn in front of you or rustling sacks in back." [(2)] Yet, the penetration remained static at around 500 subscribers while the financial break-even point required was 2,000. In an attempt to increase subscribers, the fee was reduced to $4.95. The programming was also reduced from twelve hours (noon to midnight on two channels) to four hours in prime time (one channel with music only on the other channel). More customers signed up, but not enough.

The Bartlesville system, which closed down on June 6, 1958, most closely resembles the present day subscription pay-cable system with two differences. The price was too high and, unlike Palm Springs, it didn't try to "piggy-back" the cost of the cable "tree" onto distant television signals. Presumably Tulsa stations came in loud and clear. Thus, though pay subscribers represented about 13% of the homes passed by cable (similar to

present day figures), this level of penetration was insufficient to support the overhead of the cable network.

4) *ETOBICOKE, ONTARIO*

The next major attempt to establish a functional Pay-TV system with the Telemeter equipment came in 1960 in the suburban Toronto borough of Etobicoke.

After the intriguing result of the Palm Springs operation, Paramount completely took over International Telemeter and invested millions of dollars in development of a system based on a coin box.

Paramount chose Etobicoke for several reasons. First, the American telephone companies had been charging more to lay coaxial cable for the system than Paramount was willing to pay. Bell Canada's cable rates were lower and declined from $25. month/mile to a rate of $10.56 month/mile by the end of 1962. Second, as closed-circuit television was outside the jurisdiction of the Board of Broadcast Governors there was no real disadvantage in leaving the U.S. (where cable was also beyond the FCC pale). There were no added restrictions on content in Canada.

Third, Etobicoke was typical of the burgeoning suburbs sprawling over the countryside in Canada and the U.S. at this time. Most important, Etobicoke was an extremely competitive market for entertainment. Residents could get 6 commercial television signals (the three American networks from Buffalo plus CBC and CTV in Toronto and the independent CHCH in Hamilton). There were two local movie theatres (one Odeon and the other Famous Players) and the attractions of "Toronto the Good" just down the road.

The operation was carried out by a subsidiary of Paramount's Famous Players Canadian Corp. Ltd., called Trans-Canada Telemeter Ltd. Since Paramount owned the largest Canadian theatre chain, the anti-Pay-TV lobby initiated by exhibitors in the U.S.did not occur in Canada. Trans-Canada had a 25 year Canadian franchise for the International Telemeter system. From TCT President Eugene Fitzgibbons on down, the operation was run by old theatre hands from Famous Players.

The system was set up early in 1960. Bell Canada laid 12-channel capacity coaxial cable over 100 miles to a potential 13,000 customers in Etobicoke at an initial cost of $300,000. However, only 5,800 Telemeter boxes were constructed and that was, therefore, the maximum capacity of the system. Boxes were built in Chicago for about $65.00, but cost TCT $85.00 after duty charges. The installation cost to the company was $40.00 per subscriber although the subscriber paid only $5.00 to join the system. Because there was no minimum fee at first, the boxes were snapped up.

The Telemeter box was about the size of a large mantle radio, and was usually placed on top of the television set. It had three knobs and a slot for coins. Two windows showed the price of the program and amount deposited. It could accept any denomination except pennies, and had a capacity of about $50.00.

A serviceman had to come into the home and replace the full coin box with an empty one and a program tape. Each serviceman averaged 40 collections per day and visited each subscriber on a 90 day cycle. This part of the operation was the major drawback of the Telemeter technology. Not only were these collections resented, but they were incredibly expensive to undertake. Also, impulse buying was often hampered by the scramble for coins (though an overcharge would be credited for the next program purchased).

One of the knobs on the box activated an audio "barker" channel which advertised that day's programs. The subscriber also got the monthly "Telemeter Guide" for planning ahead. Another knob could be turned to channel A, B, or C. Two of these channels contained the commercial programs (usually movies). The third channel was "public service", which played music, news, weather and sports from the Toronto Star and free sponsored films. Local groups could use this channel. Etobicoke town council meetings were sent out from the Telemeter studio at Royal York and Bloor Street.

Prices ranged from 25 cents for three hours of children's programming on weekends to $2.00 for a heavyweight fight; movies were usually $1.00. The box contained a tape which recorded the programs seen and provided a double check on the money unit inside the box. Some people "discovered" that a darning needle jiggled in the coin slot could activate the program and one

man ran up a bill of $35.00 which he didn't think he would have to pay. When the discrepancy between the tape record and the contents of the coin box was presented to him, he paid rather than lose Telemeter.

Programming initially consisted almost entirely of first-run movies. They were packaged exactly as they would be in a theatre, with cartoons, travelogues, and trailers. Distributors were paid the theatrical percentage for a second run. Program times corresponded to theatre times with matinees on weekends. Hockey games were added.

However, in 1961, when feature movies began appearing regularly on television (especially on the Hamilton station), and the competition increased from "free" television, Telemeter broadened its program mix to include live and taped variety. The range of these Telemeter-only programs was surprising. The Broadway musical SHOW GIRL was taped in New York with Carol Channing; AN EVENING WITH BOB NEWHART was taped live in Etobicoke; Ibsen's HEDDA GABLER was taped in New York; AN EVENING WITH EDITH PIAF was filmed in Paris; and a two hour production of Gian Carlo Menotti's opera THE CONSUL was offered. Despite these specials (Carol Channing at $1.50 drew 35% of subscribers and was the most popular), the program staples were hockey, new Hollywood films, and major fights.

A number of audience surveys were conducted. A pre-Telemeter survey indicated 32% of the potential theatre audience in Etobicoke never went to a movie. This was the target group. After nine months operation, another survey in November, 1960, indicated that average weekly expenditure for families who viewed at least one program was $1.22. The entire system,including non-user subscribers, averaged 80 cents per subscriber weekly. On any given night 85.4% of the subscribers did not watch Telemeter and 14.6% did. During one week 34.3% didn't watch any show; 44.1% watched one show; 19.1% watched two; and 2.5% watched three or more. Also, average revenue dropped by half during the summer months. These figures indicated that though no one wanted to return their Telemeter box, too many weren't using it enough for the system to break even. By 1962 the average revenue had slipped to $.63/week per subscriber.

In 1963, the installation charge was raised to $15.00 and a monthly minimum of $1.25 was added. Subscriptions dropped by over half, but those who remained now spent an average $1.25/week. Additional fees were added (75

cent weekly minimum) and subscriptions continued to drop. The system closed in the summer of 1965.

When Gulf and Western bought Paramount in 1967, International Telemeter was converted into a cable operation and became a part of G&W's Athena Communications Corp. Athena was sold to Tele-communications, Inc. in 1970.

Once again, Etobicoke seemed to prove that a pay-cable system which was not "piggy-backed" onto a larger cable service had too high a capitalization cost to be economical. Etobicoke also seemed to show that the cumbersome "coin-box" technology was too expensive to service and, in some ways, too sophisticated in its operation.

Many of the functions performed by the Telemeter box can now be handled at the head end of the cable system. The fact the box was manufactured in the U.S. added to its expense because of the import duty. Finally, the box had to be fed with at least the price of the program in cash. While a retail cash approach fell in line with the theatre experience of Telemeter's backers at Paramount, it was a handicap since movies are an impulse purchase. A credit payment system would have generated greater revenue.

Although the Etobicoke market has always been extremely competitive, Telemeter got off to a good start until Ken Sobel at CHCH-TV in Hamilton began running double-bill movies at 6 p.m. Former TCT President Gene Fitzgibbons says that move "killed" Telemeter. At the same time, primetime movies entered the home via the Buffalo stations. This competition increased the need for top quality movies and moved Telemeter into its own production (both these facts increased costs). The audience was becoming more selective and revenues dropped as a consequence.

Though Fitzgibbons says today that Telemeter "came within a whisker of succeeding" in Etobicoke, in retrospect the difficulties seem overwhelming. In 1961, Norman S. Robertson, a director of Famous Players Canadian Corp., resigned from that board stating that Paramount was not telling the Canadian stockholders that Telemeter was losing $11,000. weekly and Paramount was "milking" the Canadian theatre company. Paramount President, Barney Balaban, countered that the losses were less than $7,500. weekly. Either way, the

capital and operating costs were huge and the system lost an estimated $2 million. When more information is available from All View Network One (currently operating a closed circuit Pay-TV system in Toronto), a comparison with Etobicoke will be very informative.

5) *HARTFORD, CONNECTICUT*

The 1962-69 Hartford project was a joint venture between Zenith (through its STV subsidiary TECO) and RKO General. Zenith's faith in Pay-TV remained strong despite its problems with Phonevision in 1951 in Chicago, and the Telemeter experience in Etobicoke which was in operation when Hartford started. Zenith felt the problems with Etobicoke pointed to the necessity of an over-the-air system presumably cheaper in an urban market than pay-cable. The cost of building a cable system from scratch couldn't be supported by Pay-TV alone.

The Hartford Phonevision system was the first pure off-air Pay-TV project in the world. It began operation in June 1962, over UHF station WHCT. A black and white scrambled signal was sent out and each subscriber had a decoder terminal attached to his TV set to unscramble the transmission. Two knobs were adjusted and a button pressed which marked a tape inside the box identifying the program watched. The subscriber sent the tape in monthly with money for program and decoder rental. Subscribers paid $10.00 for the installation of the decoder plus 75 cents/week service charge and anywhere from 50 cents to $3.00 per program. During the first two years of operation, the system was "box-limited" (like Etobicoke). There was greater demand for boxes than there was a supply, but penetration peaked at 7,500 subscribers, or 3% of Hartford TV households (about 263,000 in the sixties).

During the first two years annual monthly revenue per subscriber for both programs and service fee was $8.18 or, excluding the service fee, approximately $5.00 monthly in programming revenue. The quality of the programming was considered to be only fair: two distributors withheld films as a result of local pressure from theatre-owners; UHF transmission was weak and the picture quality was noticeably poor.

Programming was broadcast 45 hours per week with movies making up 86.5% of all

showings. Live sports accounted for 4.5%; educational 3.2%; and special entertainment 5.5%. This last category included plays, opera, ballet, concerts, recitals, variety, nightclub, and cabaret. There was also special programming limited to 100 physicians which amounted to .3%.

The most popular programming was live sports, drawing an average 9.8% of subscribers for each sport program. Sports included pro basketball and hockey from Boston and New York, as well as local college and high school teams. The average sports figures were raised by championship fights and the PATTERSON-LISTON (1962) and LISTON-CLAY (1964) fights actually reached 83% penetration each.

In the first two years, 413 movies were shown, averaging 20.1% (18% for older films and 27% for newer films) of the subscriber's total viewing. Cultural fare did surprisingly well with concerts, opera, and ballet averaging 12.4% total viewing by subscribers. AMERICAN PAGEANT OF THE ARTS drew 23.9% of subscribers for one showing for instance and BEST OF THE BOLSHOI drew 28.4%. The average audience for educational programs was .8% though some drew 3-4% of the viewers.

The spending pattern was seasonal (affirming the Etobicoke experience) with revenue declining in the summer. This parallels the decline in television viewing and theatre attendance in those months.

The average income of subscribers was high when the system began. However, wealthier subscribers dropped off, and by the end of the second year the richest group ($10,000. plus) had declined to only 4.5% of subscribers from a previous 21.4% (they made up 29% of the general U.S. population). The second richest group ($7 - $9,999), declined to 38.8% from 49.9% (they made up 21.2% of the population).

By the end of this period the high-income subscriber peak had been transformed to a middle and lower middle income peak – perhaps because the wealthiest are the first to try new products or services. Predictably, the highest-spending 30% of subscribers accounted for 50% of the system revenues and the lowest spending 50% of subscribers accounted for 30% of revenues. This fact suggests that a substantial entry fee will help limit subscribers to the highest

spending group which is the middle income group. This observation was confirmed when Etobicoke raised its rates for installation and required a minimum fee. The low-users dropped off the system and the quarter that remained spent $65.00 annually (up from $33.00).

Both Hartford and Etobicoke were pay-per-program systems. Both depended primarily on movies (the more recent the better) and sports. However, minority programming did surprisingly well - especially in Hartford.

The programming available to the Hartford subscriber was analyzed by Noll, Peck, and McGowan in their 1973 study "Economic Aspects of Television Regulation" and is worth quoting:

> "The Hartford experience suggests that STV programming would have three main elements:
>
> 1. Programs that draw such low audiences that they now do not appear on the networks.
>
> 2. Recent movies and sports that do not now appear on television. Motion picture companies and sports promoters keep these programs off television for fear of jeopardizing box office receipts. Shown on STV, such programs would have lower audiences, and thus less effect on box office revenues. In addition, STV revenues typically are shared with teams and movie makers, so that box office diversion would be offset.
>
> 3. Special events - particularly in sports - that occur infrequently but that evoke intense demand by certain fans. Here premium prices can be charged. In Hartford, 63 percent *(sic)* of the subscribers watched the February 1964 CLAY-LISTON championship fight at a price of $3.00 - more than double the normal charge of an STV program...(3)
>
> Having low regard for conventional fare, television reformers would find little solace in a proliferation of the programming that sparks their criticisms. But all subscription television (STV) experiments and the past experience of cable systems indicate that the greatest unsatisfied demand is, in fact, for more of the same." (4)

With respect to the first point above, 3% penetration was insufficient to break-even in the sixties, (Zenith lost 3.5 millions on the Hartford experiment in the first three years alone) but Zenith later claimed "that because of the decreases in the hardware costs, even that small number of

customers might permit profitable operations now." (5) Another factor which hurt the Hartford operation was the fact that broadcasting in colour was impossible. The viewer wouldn't pay for movies in black and white when he could get them in colour for free.

The second point is relevant to the Hollywood producers/distributors, but their interests have not been identical to those of theatre exhibitors in the U.S. since the anti-trust rulings of 1948. Therefore this fact would not placate exhibitors.

With respect to their third point, Noll, Peck and McGowan disagree with the Zenith/TECO finding on the penetration of the LISTON-CLAY fight as quoted by the Stanford Research Institute, (6) which claims 83% not 63%. Despite this discrepancy, their analysis of the intensity of sports special events is quite accurate.

6) *LOS ANGELES AND SAN FRANCISCO*

In 1964, Skiatron introduced Subscriber-Vision in Los Angeles and San Francisco. The picture was delivered over-the-air and unscrambled by punched cards. This was a small operation underway simultaneously with the much more ambitious Subscriber Television Inc. which began in 1963.

Subscriber Television Inc. installed pay-cable in high-income sections of Los Angeles and San Francisco. Programming was on a pay-per-program basis with strong sports emphasis. Both Walter O'Malley and Horace Stoneham, owners of the Dodgers and Giants baseball teams respectively, were stockholders in the pay television company. Their interest in Pay-TV went back to 1957 when both teams moved to the West Coast. Their games were kept off commercial television in the expectation of exploiting subscription television.

Baseball games accounted for 44% of the company's income while movies only made up 33% of the revenues. Other programming accounted for the remainder. Although educational programs were one-third of the schedule, they drew only 5% of the revenues.

Subscriber Television Inc., had 6,500 subscribers in Los Angeles and 2,000

in San Francisco at its peak. Subscriber revenue averaged $15/month. This is an extremely high figure even by today's inflated standards.

This experiment seemed headed for success. In response, theatre marquees in the area sprouted "Save Free TV" under the title of the current film, and the National Association of Theatre Owners helped initiate an anti-Pay-TV referendum in November, 1964, which passed by a huge margin. Pay-TV was banned in California and Subscriber Television Inc. went under, losing $10-20 million according to various estimates. Though the California Supreme Court voided the ban as contrary to the First Amendment guarantee of free speech, Subscriber Television was not revived.

7) *OTHER EARLY EXPERIMENTS*

The California referendum also caused a pay-per-program over-the-air system to be abandoned in another state. In 1965, Bartell Media began a test using Teleglobe equipment in Denver, Colorado. Heavy expenses added to the effect of the referendum and the test was discontinued.

In England, in the sixties, Rediffusion Ltd. tested a Dial-a-Program system delivered by coaxial cable in which the television set was equipped with a telephone-like dial. It never got beyond the test stage.

Further development of Pay-TV in the United States depended on an improved regulatory climate. The FCC authorized full-scale over-the-air Pay-TV (or STV) in 1968 and pay-cable later. However, Pay-TV was severely limited both in the programming it could offer and the area it could reach. By 1971, Pay-TV delivered to hotel rooms via closed-circuit television was in business. On November 16, 1972, Home Box Office hooked up cable subscribers in Wilkes-Barre, Pennsylvania and the modern Pay-TV era began. To date, that era has been one of pay-cable, pay-per-channel systems, with none of the off-air, pay-per-program systems which characterized many of the early experiments.

Summary

The Zenith system in Hartford, and the Telemeter experiment in Etobicoke, were the two most important pay television testbeds. Both were eventually defeated by the limitations of their technology. Both depended on mass programming - sports and movies - delivered on a pay-per-program basis.

The theory of subscription television continues to attract those who see money to be made in a new economic base for television. The practice has been difficult. Early experiments in the U.S. were attacked by vested interests (broadcasters and theatre-owners) which turned producers and regulators against them. They were also defeated by the "state of the art".

Both the Etobicoke and Hartford experiments indicate the existence of a minority audience willing to pay for programming unavailable on commercial television. The size of that minority is the real question. Pay-TV is a medium of promise for minority audience or special interest programming, yet the huge potential profits in Pay-TV are not to be made with that audience, but with the mass audience. Thus, a Pay-TV system which hopes to be highly profitable must compete with commercial television and the theatres for the mass audience, and mass audience programs.

Four Current Operations

1) *TORONTO, ONTARIO: ALL VIEW NETWORK ONE INC.*

This operation is significant for several reasons. It is the first residential Pay-TV system in current operation in Canada (excluding Telemeter and the 413 cable systems in Canada which are pay television by any comprehensive definition). It is a functional pay-per-program system with relatively inexpensive technology. Because it operates as a closed-circuit system outside the jurisdiction of the Broadcasting Act, Network One has immense political and legal ramifications.

Network One is the sister company of All-View Interphase Systems Inc. All-View sells MATV systems to apartment complexes as an alternative to cable television. According to promotion literature, a master antenna picks up all the signals beamed at Toronto (UHF or VHF) and delivers them to tenants more clearly than cable, and at a cheaper unit cost for buildings with a minimum of 150 units.

All-View sells its system, with maintenance for five years, to building owners for $3.10 per unit per month, amortized over ten years. This delivers 3 outlets per tenant, plus 1 security surveillance camera installed in the lobby, and a tenant communications system if ordered. All-View estimates that, with a converter and installation fee, a cable company would charge $160. per tenant for the first year compared to their charge of $37.30 for MATV. This is a persuasive argument for condominium buildings. The disadvantage is that the tenant only gets channels available over the air. Therefore, there is no news channel or community channel although a studio could be installed in the building.

It is worth noting that, in selling its system, All-View includes with the enticements of ownership, security, surveillance, and cheaper monthly cost, the fact that CRTC decisions on station availability do not apply to MATV. However, as this system is predicated on American stations beaming into Canada, MATV would collapse if the Buffalo stations ever follow through on their threat to jam their signals beamed to Toronto.

Network One offers a complementary entertainment package to All-View's MATV service. The two companies are separate though they share directors. Together, Network One and All-View are a direct threat to the licensed cable companies for the apartment complex market. Since MATV/CCTV operations are outside the present Broadcasting Act, CRTC regulations and their licensing of cable monopolies do not apply.

George Dick, President of Network One, is a former CBC producer and did at one time work for Transworld, Columbia's former hotel Pay-TV operation. He is confident that the CRTC cannot regulate or otherwise interfere with a closed-circuit operation such as his. He sees entertainment Pay-TV as the "glamour boy" which will open up the two-way services of the wired city.

Network One was incorporated in December 1975 and began operations in early May 1976, with 400 subscribers in the 1,419 unit Crescent Town complex which is owned by York Condominium Corp. and located in the Danforth/Victoria Park area. An All-View MATV system had already been installed in the complex. By August, 1976, Network One's penetration had grown from 400 to 1,200 units, or 85% of the total.

Dick estimates Network One needs 5,000 subscribers to reach economic viability. He plans to use Bell Canada's coaxial cable network to inter-connect condominium complexes although this may bring him under CRTC jurisdiction. He claims to have a contract covering 16,000 new units. He also plans to offer his service to high-rise rental apartments as well as condominiums. His target is 100,000 units of Toronto's more than 300,000 high rise units. He may charge a deposit to rental apartments to counteract presumed theft of his boxes due to high tenant turnover. Single homes are a future possibility.

Network One technology is extremely simple. Crescent Town is wired with a separate two-way coaxial cable grid. Each subscriber is given a small blue box (approximately 6" x 4" x 1½") that is attached to the television set. The plastic box contains a "billing" button to order a program and can be locked to control unauthorized use. The "billing" button is simply a sophisticated switch connected to a terminal located in each building. Each terminal is connected by two-way cable to a computer and studio headquarters located at Yonge and St. Clair.

To sample a program, the subscriber turns on a switch releasing the program signal to his set for ten minutes. To continue viewing, the billing button is pushed and the household is automatically charged; otherwise the program is cut off. Most of the technology which was built into the Telemeter box, for example, is centralized in the terminal. For this reason, the actual cost of this box is very low - between $6. and $10. The computer regularly scans the system and automatically picks up any pirates that may be plugged into it. Security is very effective.

Installation costs are high at $80. per unit. As there is no installation charge to the subscriber, the profitability of the present system depends on very low subscriber turn-over, which is an additional reason to service condominiums, rather than rental units.

At the present time, Network One programming consists of American feature films supplied on 3/4" videotape cassettes by Telemation Program Services in New York. Network One also gets material directly from Columbia Pictures which is transferred from film to videotape.

Network One offers its subscribers ten movies each month: six new films (premieres) and four older films (encores). The premiere movies are run in the evening and cost $3.50 per show. The encore movies are run in the afternoon for $1.75 each. George Dick projected average revenues of $7./month/unit on the theory that each subscriber will watch two movies per month. The actual average is 2.5 buys per month per unit. Advance tickets are sold in books of three, six, or nine each at a discount (each group allows one premiere and two encores for $10. rather than $10.50). These tickets are sent in with the monthly bill.

Since the system is pay-per-program, Network One offers the suppliers a percentage of the revenue. George Dick claims that, as a result, new films which are held back from pay-per-channel Pay-TV where only a flat rate can be paid, are available sooner to a pay-per-program system. The theory is that newer films are more valuable - a fact which the flat subscription fee does not reflect in the way that a box office percentage does.

Suppliers are paid between 25-60% of the gross revenue each film generates.

The average is 33-1/3%. Dick believes this will level off at 40%. He adds that once his company has 5,000 subscribers, he will offer 100% of the "gate" in the first year for Canadian films. He will reduce this 10% each year until 40% is reached in the sixth year. This would be his contribution to getting Canadian production off the ground. Dick would also abide by Canadian content rules, although how they would be enforced on his system is another question.

Network One claims Canadian producers are reluctant to sell their films to the operation, and that non-American films are also difficult to obtain (not surprising since Network One depends on the major American distributors for its supply of products). George Dick doesn't believe movies can carry the service forever and wants to diversify programming with live performances, and other special events, as well as go into production himself.

Each month the Network One subscriber gets a guide with the show-time and date for each movie. The Network One offering for September 1976 (see sample schedule on following pages):

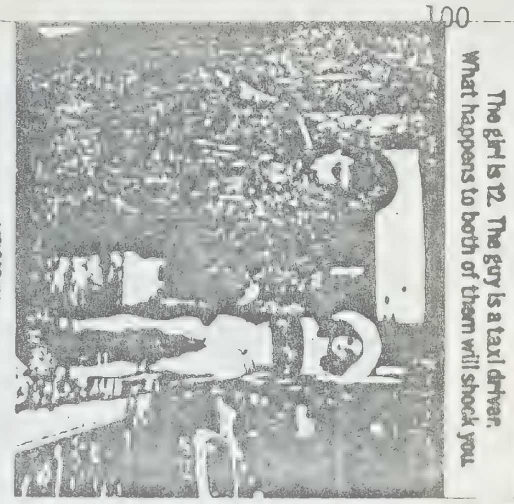
Premieres:	FAREWELL, MY LOVELY; RUSSIAN ROULETTE; THE MISSOURI BREAKS; TAXI DRIVER; BITE THE BULLET; INSIDE OUT.
Encores:	LIVING FREE; BUTTERFLIES ARE FREE; SHAMUS.
Late Night Special:	EMMANUELLE.

During the week, each encore film starts at 2 and 4 p.m. Premiere films are scheduled for 6 and 8 p.m. The late night special runs at 10 p.m., midnight and 2 a.m. This soft-core attraction accounts for about 40% of Network One revenue (compared with 30% in Columbus). The late night special was originally run only on weekends, but requests for weekday runs were strong and it is now available throughout the week. Weekend programming begins at 10 a.m. rather than 2 p.m. Each day three different films are offered over one channel.

Network One began operations without a license but has since been licensed as a "movie theatre" by the Theatres Branch of the Ontario Government. The operator says he would welcome a Federally licensed Pay-TV system. He feels a pay-per-program system has a very real marketing edge over a pay-per-

PREMIERE

The girl is 12. The guy is a taxi driver. What happens to both of them will shock you.



ROBERT DE NIRO
TAXI DRIVER

JODIE FOSTER ALBERT BROOKS as Tom HARVEY KEITEL LEONARD HARRIS PETER BOYLE as Wizard and CYBILL SHEPHERD as Betsy

FROM COLUMBIA PICTURES
STARRING: Robert Deniro, Cybill Shepherd

She is 12 years old. He is a taxi driver. The story is shocking. A deep and violent movie about a war veteran who thinks he can, single-handedly, "clean up" New York City's crime. (114 min.)

RATED: Restricted
PRICE: $3.50
DATES: September 1, 6, 9, 12, 16, 20, 22, 30
SEE YOUR PROGRAM CALENDAR FOR TIMES

In the tradition of Shane and High Noon, a new Western Classic is born! *BITE THE BULLET*

GENE HACKMAN
CANDICE BERGEN JAMES COBURN
BITE THE BULLET
IAN BANNEN JAN-MICHAEL VINCENT
and BEN JOHNSON
RICHARD BROOKS

FROM COLUMBIA PICTURES
STARRING: Gene Hackman, Candice Bergen, James Coburn

In the Style of "The Professionals" . . . The Greatest Test of Strength and Endurance for Man and His Horse. (131 min.)

RATED: Adult
PRICE: $3.50
DATES: September 8, 12, 17, 29
SEE YOUR PROGRAM CALENDAR FOR TIMES.

SUNDAY	MONDAY	TUESDAY	WEDNESDAY	THURSDAY	FRIDAY	SATURDAY
For your convenience, each feature film has a two minute intermission approximately half way through the program. (Longer films may have two intermissions.) If you feel intermissions should be longer, or shorter, please let us know. Remember, you have 10 minutes <u>from</u> the starting time of a movie to preview your selection. Please read the instructions in your program control box carefully.			BUTTERFLIES ARE FREE Adult (109 min.) 2 00 p.m. 4 00 p.m. 6 00 p.m. TAXI DRIVER Restricted (114 min.) 8.00 p.m. 10:00 p.m. MIDNIGHT 2.00 a.m. 1	SHAMUS Adult (96 min.) 2 00 p.m. 4:00 p.m. 6:00 p.m. FAREWELL, MY LOVELY Restricted (97 min.) 8.00 p.m. 10.00 p.m. MIDNIGHT 2:00 a.m. 2	RUSSIAN ROULETTE Adult (93 min.) 2:00 p.m. 4 00 p.m. 6:00 p.m. 8:00 p.m. EMMANUELLE Restricted (93 min.) 10:00 p.m. MIDNIGHT 2:00 a.m. 3	LIVING FREE General (91 min.) 10 00 a.m. NOON 2:00 p.m. 4:00 p.m. SHAMUS Adult (96 min.) 6 00 p.m. 8 00 p.m. EMMANUELLE Restricted (93 min.) 10:00 p.m. MIDNIGHT 2:00 a.m. 4
LIVING FREE General (91 min.) 10 00 a.m. NOON 2 00 p.m. 4 00 p.m. INSIDE OUT Adult (97 min.) 6 00 p.m. 8 00 p.m. EMMANUELLE Restricted (93 min.) 10 00 p.m. MIDNIGHT 2:00 a.m. 5	LIVING FREE General (91 min.) 10 00 a.m. NOON 2 00 p.m. 4:00 p.m. TAXI DRIVER Restricted (114 min.) 6 00 p.m. 8:00 p.m. 10.00 p.m. MIDNIGHT 2:00 a.m. 6	BUTTERFLIES ARE FREE Adult (109 min.) 2 00 p.m 4 00 p.m 6 00 p.m. THE MISSOURI BREAKS Adult (126 min.) 8 00 p.m. 10.30 p.m. 1 00 a.m. 7	SHAMUS Adult (96 min.) 2 00 p.m. 4 00 p.m. 6 00 p.m. BITE THE BULLET Adult (131 min.) 8:00 p.m. 10 30 p.m 1 00 a.m. 8	RUSSIAN ROULETTE Adult (93 min.) 2:00 p.m. 4 00 p.m. 6.00 p.m. TAXI DRIVER Restricted (114 min.) 8 00 p.m. 10:00 p.m. MIDNIGHT 2:00 a.m. 9	BUTTERFLIES ARE FREE Adult (109 min.) 2:00 p.m. 4.00 p.m. INSIDE OUT Adult (97 min.) 6 00 p.m. 8:00 p.m. EMMANUELLE Restricted (93 min.) 10:00 p.m. MIDNIGHT 2 00 a.m. 10	THE MISSOURI BREAKS Adult (126 min.) 10 00 a.m. 12 30 p.m. 3 00 p.m. 5 30 p.m. 8.00 p.m. EMMANUELLE Restricted (93 min.) 10:30 p.m. 12:30 a.m. 2:30 a.m. 11
BITE THE BULLET Adult (131 min.) 10 00 a.m. 12 30 p.m. 3 00 p.m. 5 30 p.m TAXI DRIVER Restricted (114 min.) 8 00 p.m. 10 00 p.m. MIDNIGHT 2 00 a.m. 12	LIVING FREE General (91 min.) 2:00 p.m. 4 00 p.m. FAREWELL, MY LOVELY Restricted (97 min.) 6 00 p.m 8 [illegible] 10 00 p.m MIDNIGHT 2 00 a.m. 13	SHAMUS Adult (96 min.) 2 00 p.m. 4:00 p.m. 6 00 p.m. INSIDE OUT Adult (97 min.) 8 00 p.m. 10 00 p.m. MIDNIGHT 2:00 a.m. 14	THE MISSOURI BREAKS Adult (126 min.) 2 00 p.m. 4:30 p.m. 7:00 p.m. RUSSIAN ROULETTE Adult (93 min.) 9 30 p.m 11 30 p.m. 1 30 a.m. 15	**To Order Movies:** Follow the instructions in your Program Control Box. **Billing Information: Please Note:—** When the RED confirmation button has been pushed, you will be billed for one program. You may view the <u>same-titled</u> movie scheduled on that particular day as many times as it is programmed, without additional charge.	**One, Two or Three-Movie Days:** However, when a second or third movie is scheduled on the same day, you will be charged for each separate movie when ordering it for the first time on that day. Each movie will be at the price listed.	

SUNDAY	MONDAY	TUESDAY	WEDNESDAY	THURSDAY	FRIDAY	SATURDAY
To Order Movies: Follow the instructions in your Program Control Box. **Billing Information: Please Note:—** When the RED confirmation button has been pushed, you will be billed for one program. You may view the same-titled movie scheduled on that particular day as many times as it is programmed, without additional charge. **One, Two or Three-Movie Days:** However, when a second or third movie is scheduled on the same day, you will be charged for each separate movie when ordering it for the first time on that day. Each movie will be at the price listed.				BUTTERFLIES ARE FREE Adult (109 min.) 2:00 p.m. 4:00 p.m. 6:00 p.m. TAXI DRIVER Restricted (114 min.) 8:00 p.m. 10:00 p.m. MIDNIGHT 2:00 a.m. 16	SHAMUS Adult (96 min.) 2:00 p.m. 4:00 p.m. BITE THE BULLET Adult (131 min.) 6:00 p.m. 8:30 p.m. EMMANUELLE Restricted (93 min.) 11:00 p.m. 1:00 a.m. 3:00 a.m. 17	LIVING FREE General (91 min.) 10:00 a.m. NOON 2:00 p.m. 4:00 p.m. RUSSIAN ROULETTE Adult (93 min.) 6:00 p.m. 8:00 p.m. EMMANUELLE Restricted (93 min.) 10:00 p.m. MIDNIGHT 2:00 a.m. 18
INSIDE OUT Adult (97 min.) 10:00 a.m. NOON 2:00 p.m. 4:00 p.m. 6:00 p.m. 8:00 p.m. 10:00 p.m. MIDNIGHT 2:00 a.m. 19	BUTTERFLIES ARE FREE General (91 min.) 2:00 p.m. 4:00 p.m. 6:00 p.m. TAXI DRIVER Restricted (114 min.) 8:00 p.m. 10:00 p.m. MIDNIGHT 2:00 a.m. 20	LIVING FREE General (91 min.) 2:00 p.m. 4:00 p.m. 6:00 p.m. FAREWELL, MY LOVELY Restricted (97 min.) 8:00 p.m. 10:00 p.m. MIDNIGHT 2:00 a.m. 21	TAXI DRIVER Restricted (114 min.) 2:00 p.m. 4:00 p.m. 6:00 p.m. 8:00 p.m. 10:00 p.m. MIDNIGHT 2:00 a.m. 22	THE MISSOURI BREAKS Adult (126 min.) 2:00 p.m. 4:30 p.m. 7:00 p.m. 9:30 p.m. MIDNIGHT 2:30 a.m. 23	RUSSIAN ROULETTE Adult (93 min.) 2:00 p.m. 4:00 p.m. 6:00 p.m. 8:00 p.m. EMMANUELLE Restricted (93 min.) 10:00 p.m. MIDNIGHT 2:00 a.m. 24	BUTTERFLIES ARE FREE Adult (109 min.) 10:00 a.m. NOON 2:00 p.m. 4:00 p.m. INSIDE OUT Restricted (97 min.) 6:00 p.m. 8:00 p.m. EMMANUELLE Restricted (93 min.) 10:00 p.m. MIDNIGHT 2:00 a.m. 25
FAREWELL, MY LOVELY Restricted (97 min.) 10:00 a.m. NOON 2:00 p.m. 4:00 p.m. 6:00 p.m. 8:00 p.m. 10:00 p.m. MIDNIGHT 2:00 a.m. 26	RUSSIAN ROULETTE Adult (93 min.) 2:00 p.m. 4:00 p.m. 6:00 p.m. 8:00 p.m. 10:00 p.m. MIDNIGHT 2:00 a.m. 27	SHAMUS Adult (96 min.) 2:00 p.m. 4:00 p.m. 6:00 p.m. THE MISSOURI BREAKS Adult (126 min.) 8:00 p.m. 10:30 p.m. 1:00 a.m. 28	FAREWELL, MY LOVELY Restricted (97 min.) 2:00 p.m. 4:00 p.m. 6:00 p.m. BITE THE BULLET Adult (131 min.) 8:00 p.m. 10:30 p.m. 1:00 a.m. 29	LIVING FREE General (91 min.) 2:00 p.m. 4:00 p.m. 6:00 p.m. TAXI DRIVER Restricted (114 min.) 8:00 p.m. 10:00 p.m. MIDNIGHT 2:00 a.m. 30	For your convenience, each feature film has a two minute intermission approximately half way through the program. (Longer films may have two intermissions.) If you feel intermissions should be longer, or shorter, please let us know. Remember, you have 10 minutes from the starting time of a movie to preview your selection. Please read the instructions in your program control box carefully.	

Late Night Special

(R) was never like this.

Emmanuelle is sensual, but she's elegant. Emmanuelle is fantasy, but she's fun. But most important she leaves you with a singular lack of guilt. This extraordinary film allows all of us to look unflinchingly into the face of sensuality for perhaps the first time. And that's the clue to its overwhelming popularity. It's the first film of its kind that lets you feel good without feeling bad.

Alain Cuny • Sylvia Kristel • Marika Green • Emmanuelle

A film by Just Jaeckin

RATED: Restricted
PRICE: $3.50
DATES: September 3, 4, 5, 10, 11, 17, 18, 24, 25
SEE YOUR PROGRAM CALENDAR FOR TIMES
(93 min.)

Emmanuelle

channel system in that it offers greater choice (though that is not apparent in his present schedule). He says he has not had a serious problem with non-payment of bills, and disconnections have only been a factor when a subscriber moves.

Network One's extremely high penetration rate is a function of a pay-per-program system without installation or minimum charges. The customer makes no financial commitment when he orders the service. Impulse buying does the rest. The 2.5 buys per month per unit is similar to results in Columbus which has an average 2.2 buys per month. At this rate, each subscriber is probably paying more for Pay-TV than for a basic cable service. This is no doubt true in Crescent Town where the MATV service is extremely cheap.

Network One's disadvantage, as it is presently organized, is the necessity of re-wiring a building. This would allow more than 30 channels eventually, but if Network One carried the basic cable service it could not offer Pay-TV without adding a "converter function" to its technology or bumping an existing off-air signal. If it did that, it would then be neither as cheap nor as simple as it currently is.

Another problem in using the Network One method on the Canadian cable system, is the fact that less than 5% of Canada's 413 cable operations have a two-way capacity (according to the CRTC; CCTA puts the figure even lower). Unless one resorts to the telephone or the mail, pay-per-program needs two-way cable to carry the billing and polling information back to the head end.

Using Network One as a national model means considering the cost of re-wiring, or double-cabling the country. Network One must also be judged in the light of its present novelty effect which raises the average revenue.

2) *SAN JOSE, CALIFORNIA: GILL CABLE*

This operation is one of only two "univeral pay-cable" systems in the United States. The other universal system is in Coral Springs, Florida. Gill Cable conducted extensive research before deciding to adopt a univ-

ersal system and to provide a minimum number of movies at a minimum price. As their objective was to increase basic cable subscriber penetration, rather than to increase revenues from existing subscribers, this approach made sense. The universal system eliminated the expense of additional technology, and the low cost movie channel attracted new subscribers.

Alan Gilliland is the owner of Gill Cable, and also the owner of the San Jose ABC television affiliate. In June 1975, he hired management consultant Del Henry to study the feasibility of adding Pay-TV to the Gill cable system. Henry visited many of the existing pay-cable operations and arrived at the following conclusions:

1) Cable non-subscribers were not being significantly reached by the introduction of pay-cable service.
2) Potential subscribers were more price sensitive than pay-cable operators realized.
3) Most operators were offering movies "by the pound" which lowered movie quality. There was no reason why Pay-TV had to run programs continuously, any more than there is for theatres to do so.

In October 1976, Gilliland commissioned a survey of 1,622 randomly selected San Jose residents, half of which were non-cable subscribers. This research confirmed the price sensitivity of potential Pay-TV subscribers. The results indicated potential 11% penetration of homes passed at $10. per month fee, and 22% penetration for Pay-TV service at $7. per month.

The cost of technology presented a problem in introducing Pay-TV into the San Jose system. Gill Cable had 57,500 subscribers hooked to its double-trunk cable (a 24 channel capacity without a converter). The cost to trap out 80% of the system - assuming 20% pay subscribers and a cheap $5. trap with $15. labour to connect the traps - would be over $800,000. The cost to put pay subscribers on converter service (assuming 20% penetration and $50. per converter) would be $750,000. plus over $200,000. for labour to install the devices.

Gill Cable had only saturated 36% of its potential market of 150,000 homes. The non-subscribers were the target. The October survey showed that a $2. Pay-TV package piggy-backed to the basic service would add 18,500 subscribers, lose 1,000, and bring the system's market penetration up to 50%. Henry said late last year, "Our goal is right now to get up to 50%, not to make money on Pay-TV." (7)

The basic rate was raised from $6.95 per month to $8.95 per month plus a $15. installation charge, when the movie channel was introduced on February 1, 1976. This increase brings in the same revenue that 25% Pay-TV penetration at $8. per month would add. In addition, there were no hardware costs to contend with. Del Henry, the Gill Cable consultant, claims:

> "The development of pay-cable had been all wrong. Most of the industry is single system using converters. The "black box" syndrome dictates the economics, and the lease channel/black box approach is poor economics. A dual cable system like ours didn't need the black box." (8)

The new service was intensively marketed with videotape information played continuously on an empty channel for three months. One hundred and twenty-nine thousand brochures were mailed to local residents and one month before the changeover a multi-media ad campaign was started to attract new subscribers. Since this campaign began, subscriptions have increased 8%. The system now has 63,000 subscribers and expects to pass 75,000 by the end of 1976.

The subscriber gets quite a lot for his $8.95 monthly. The 24 channel TV capacity is fully used, plus 28 FM stations are delivered. The "G Channel" movies are simulcast on one FM channel to allow high fidelity sound quality. The system also uses 2 inch videotape (rather than 3/4" cassettes) to deliver a top quality signal. The system offers one public access channel; one TV guide; one government information; one news/weather/time; one movie channel; 3 San Jose TV stations; 7 San Francisco stations; 5 Sacramento stations; and stations from Monterey, Salinas, San Mateo and Oakland.

The movie channel is called the "G Channel" and one new movie is shown every two weeks. The subscriber gets 26 movies per year for $24. All films are

booked from Telemation Program Services and they are rated G or PG. Because the channel is universal, Gill Cable does not show R movies. One premiere is paired with one encore for two weeks. Two nights each week the "G Channel" only shows movie promos. The May attractions were LIVE AND LET DIE and THE WAY WE WERE.

The Gill Cable approach of low cost universal service is a salient example to Canada. It involves no technological commitment at the present time, when Pay-TV technology is in flux with immature hardware which is so costly that little revenue is likely to be left for program production. This is certainly a major Canadian concern.

The drawback for the U.S. in the San Jose model is the fact it is double-cabled, which would require re-wiring the country to make it feasible on a large scale. This is not a major drawback in Canada where the large urban systems have converter service and most other systems have room on their basic service.

3) *COLUMBUS, OHIO: TELECINEMA*

Columbus is the largest and oldest running pay-per-program system in the United States. There is only one other pay-per-program operation in the U.S. and that is the substantially smaller Twin-County Trans Video location in Northampton, Pennsylvania. Network One in Toronto rounds out the non-hotel pay-per-program systems now functioning in North America.

With over half a million population, Columbus is serviced by three cable companies - Warner Cable, All American, and Coaxial Communications of Columbus. Telecinema, the Pay-TV operation in Columbus, leases channels from Coaxial Communications, a multiple systems operator with 25 cable systems in Florida, Georgia, Alabama and Ohio. Both companies are owned by Cablenet International of Sarasota, Florida, which is in turn controlled by CNA Financial Corp. Coaxial Scientific Corp. of Sarasota designed the technology which it continues to oversee.

Jack Tyson is the president of the Columbus operation; Tom Sonsini is the vice-president of operations; Jim Wicht is the vice-president of programming; and D. Stevens McVoy is the technical head.

Telecinema started Pay-TV service in June 1973. One thousand converters (providing four pay channels on the mid-band) were given to subscribers without an installation charge or minimum. Although pay penetration was 80% in the areas offering the service, Telecinema discovered that too many subscribers were not using the service enough, resulting in average revenues of only $4. per month per subscriber.

Jim Wicht told a Pay-TV panel in New Orleans on April 15, 1975:

> "..by putting in a $15. installation charge and then a $3. per month service charge, we were able to screen lower-paying customers out....Some subscribers seem to spend as much as $9 - $30 per month, some as little as $3 - $6 per month. A typical subscriber is in the $6 to $9 per month range...." (9)

Coaxial Communications passes 60,000 homes and now has 25,000 cable subscribers paying $6.50 per month, or about 42% penetration. Telecinema has 4,600 Pay-TV subscribers paying a $38.50 deposit on the converter (its actual cost), $15. installation fee, and $3. per month service charges on top of the basic cable fee and program charges. Pay-TV subscribers are 7.7% of homes passed or 19.2% of the basic cable subscribers. Subscribers average 2.2 buys per month (compared with 2.5 buys per month in the new Network One setup) or $8 per month revenue. Stevens McVoy states that recent average revenues are up in the $11 to $12 per month range.

Telecinema programs most of its material from Telemation Program Services, but it also gets special programming from HBO in a "standalone" deal. The system has an earth station to receive programs, but movies and specials are taped and only sports are sent out live to subscribers. The four channels are relatively specialized. Children's and family programming (called "For the Family" and "Kidstuff" on the monthly program) run on Channel "C". Foreign movies and specials (such as MORT SAHL or FREDDIE PRINZE) are on Channel "E". Sports are on "D" (infrequently). General movies are on "C", "D", and "E" while R-rated movies (labelled "For Adults Only") are run exclusively on Channel "F".

These softcore films run from 10 a.m. to 2.30 a.m. on Friday through Monday and from 2 p.m. to 12.30 a.m. Tuesday through Thursday. These films account for approximately 30% of Telecinema's revenues. General movies account for

50% and special interest programs make up the balance. On Sunday, June 13, 1976, 883 programs on channels C, D, and E were bought by subscribers for a total revenue of $2,165 with "F" Channel sex films making up 245 buys for an additional revenue of $612.50.

Twenty-four to thirty-four programs are offered daily, including repeats. Prices range from 75¢ for a children's show to $3.50 for an American Film Theatre movie. Sports are $1 and most movies range from $2.50 (including the sex films) to $3.25. Programs are started on the hour or half hour. In August, 30 features were offered including seven sex films, two foreign films, one American Film Theatre production, and the remainder were general or children's films. The lineup had one Canadian Film, LIES MY FATHER TOLD ME, and one quasi-Canadian film, RUSSIAN ROULETTE.

The schedule is dominated by movies despite the odd sports or special program. There is no extreme special interest or minority audience programming. This might be a simple result of dependence on TPS/HBO for programming. For example, Telecinema would like to show local Ohio sports but they would have to arrange that themselves since the national distributors cannot supply such local programming. Columbus viewers are noticeably cool to New York or Los Angeles sports.

The technology requires two-way cable. Each pay subscriber gets a specially modified converter which is coded to allow the computer to identify the channel being watched and the household (or converter) watching. The four pay channels are on the mid-band and are sent unscrambled. Anyone with a regular converter can pick them up so Telecinema has obtained an injunction to stop retail sales of converters in Columbus. In addition, each non-pay subscriber has the mid-band channels trapped out. The cost of each trap is $6.

Signal security is the main problem with the Columbus system. Any basic cable subscriber can remove the trap and install his own uncoded converter (bought outside Columbus) and get Pay-TV free. Stevens McVoy acknowledges this soft security but says "present technology doesn't solve our problems". Descramblers add $30. to the cost of each subscriber and they can be easily defeated. Addressable taps are too expensive for a system this size. McVoy adds that traps are already a huge administrative problem and

addressable taps would require higher maintenance.

A mini-computer at the head-end called SAM scans the system in 100 household sweeps (to reduce interference to the upstream signal). SAM contacts every converter every three minutes to determine which pay channel is being watched. If the channel is being watched for more than two scans (about nine minutes), the customer is billed. He can then watch that film for the rest of the day at no extra cost.

The converters are equipped with a lock and key for pay channels. This security avoids abuse by children. It also adds to the discretionary factor involved in watching the "F" Channel sex films. Although Telecinema will trap out the "F" Channel at no charge, the pay-per-program concept (with a lock and key added) allows soft core pornography which would be unacceptable on pay-per-channel. There have been no complaints and few requests to delete the "F" Channel.

Each day the information in SAM is sent to a computer data service company called Cable Facts which sends out the monthly bills. The information on each movie's gross is readily available for the film distributor who gets 35% of that figure. Kagan estimates monthly Pay-TV revenue in Columbus at $43,000.

The advantages of this system are numerous. The subscriber simply has to turn to the channel he wants and watch. The ease of this approach maximizes impulse buying and a pay-per-program system must depend on "impulse" to succeed. McVoy says they previously used a telephone connected system to monitor programming, but it was unsatisfactory. The phone-in type of system hasn't worked because the phone may be in use during the moment of "impulse"; because the telephone switching system can't handle the peak overload; and because the cable company can't handle the peak requests.

Unlike the experiences of Hartford and Etobicoke, Columbus appears to have a high revenue curve in the summer and low in mid-winter.

The potential advantages of pay-per-view for minority interest programming were explained in detail by Stevens McVoy in the statement he made to the

CCFM seminar on Pay-TV in Toronto, August 19, 1976.[10] Columbus has just begun to explore this potential, but the schedule is still mass audience appeal. If the average subscriber revenue has reached $11. per month (including service fee), then pay-per-program would appear to have financial advantages over pay-per-channel.

Marketing is handled by a salesman initially and later by a preview channel and the monthly guide. Disconnects for the Columbus Pay-TV service do not appear to be higher than basic cable disconnects.[11] This would indicate an advantage over the pay-per-channel approach where the consumer thinks he is paying for everything offered. He will disconnect if he dislikes too much. If he dislikes the programming in Columbus, he doesn't have to watch.

The high 80% penetration originally reached by Columbus without any obligatory charges should be compared with Network One's 85% penetration. Network One may decide to follow Telecinema's lead and add a minimum charge to screen out the non-paying or low-paying customers. Etobicoke did the same thing.

While the Columbus system seems to be working very well, it still hasn't solved its security problems. This is another indication that pay-per-program technology must continue to evolve. Columbus has decided to wait for this evolution rather than commit substantial monies to installing the present generation of security devices such as scramblers and addressable taps.

The Columbus Pay-TV experiment appears to be a success, but the lessons of that success depend on movies (especially R-rated) for money and two-way cable for the technology. The advantages to Canada of Telecinema are limited by the necessity of two-way cable and the lack of security in cities with over-the-counter converter sales.

4) *ST. HUBERT, QUEBEC: TELECABLE VIDEOTRON*

Videotron has the most energetic local-origination programming of any cable system in Canada. It has attempted to realize the potential of current cable technology to develop "interactive" or "community" television and

brought to reality many of the ideas of the futurists who contemplated a "wired city" ten years ago. If pay television is to be more than a premium movie channel, the experience of Videotron is an important model.

André Chagnon is the president and Roger Jauvin is the general manager of Videotron. The system covers six municipalities on the south shore of Montreal and is headquartered in St. Hubert. The same company operates cable systems in the Gatineau, Vaudreuil, and St. Jerome, Quebec. The south shore operation is described below.

Videotron is one of the very few Canadian systems operating two-way cable. This technological advantage is being under-utilized at present, but future flexibility is almost unlimited.

Each subscriber pays a $15 installation charge plus $8.25 per month. This fee includes $1.25 for the rental of a converter which is essential for providing the system's 32 channels.

Videotron offers 13 off-air channels: four CBC (Sherbrooke, Trois-Rivières, and Montreal in French and English); two CTV (Montreal and Cornwall, Ontario); two TVA (Montreal and Sherbrooke); one educational station (Radio-Québec); and four U.S. stations (CBS, ABC, NBC, PBS). There are also ten data information channels; one video communication channel; and eight demand programming channels. In addition, eight FM radio stations are available.

One of the "interactive" aspects of Videotron is the eight "auto-programmation" or demand programming channels. Basically, any subscriber is able to program these channels from a library of 2,500 titles. These programs (on 3/4" videocassettes) were acquired from relatively free sources such as the National Film Board and Radio-Québec. Their productions make up 70% of the video library. The subscribers get a catalogue of titles every four months. Additions to this list are included on a program information channel.

These eight channels run programs 24 hours each day based on requests which are telephoned in. The channels are cleared three times each day at 9 a.m., 1 p.m., and 6 p.m. Programs cannot be booked ahead of those times. For example, at 9 a.m. requests are accepted until 1 p.m. on a first-come

first-served basis. Then requests are accepted at 1 p.m. for the next time period and so forth. If the time period is not full, requests will be accepted at any time.

The eight channels are each dedicated to a particular general subject: Golden Age, Arts, Sports, Students, Science and Education, Social Affairs, Children, and Leisure. Some highly requested titles are limited and if there are no requests for programs on a particular channel it is blank.

Programming requests are phoned in at the rate of 3,000 per week 24 hours each day. Apparently there are some "auto-programmation" junkies, but 45% of Videotron's subscribers ask for a title at least once a month. The system is used 24 hours per day with 8% watching during the 12-6 a.m. period weekdays and 15% watching during those hours on the weekend. When Videotron subscribers were asked to name the most important service cable delivered, over 60% said off-air channels and 18% said "auto-programmation" channels. These channels were the second most important service for 48%. These figures were obtained in a Radio-Québec survey.

The ten information channels provide many community services. Two channels display program information indicating which titles will appear on which of the eight other "demand" channels. Up to 12 "demands" per channel can be displayed and this limits the amount of advance booking possible.

One of the two news channels is dedicated to local news. Each hour a visual report of local events is broadcast. One Videotron reporter (with a portapak) is responsible for this feature.

There is a weather channel, local events information channel, and the catalogue channel which updates the list of titles in the printed catalogue.

One of the most popular services is the classified ad channel. 300 ads are listed every 48 hours. There is no charge and apparently more ads are offered than the system can handle.

One of the most interesting features is a comparison shopping channel. Different items available in local stores are listed with the price being charged that month. Stores are asked to send in their price lists. The store with the cheapest price is flashed on the screen. At first there were wide gaps, but most items are now similarly priced. It seems the expensive stores have had to lower their prices.

The SOS channel offers information on services available such as baby-sitting. Periodically lists of local baby-sitters, immediately available, are displayed on the screen with a telephone number. If a sitter gets a job, she phones Videotron and has her name taken off the list. Even at the last minute, finding a baby-sitter is easy if you live in this area. Other services are also stored in the computer for retrieval on request. For example, a request for 24-hour towing services might be called in and it will be displayed on this channel. Videotron's president believes a Quebec cable system needs to offer these local services to reach a high penetration of the market. American channels are not the big attraction in Quebec that they are in English-Canada and cable penetration in Quebec is substantially lower. In Montreal, National Cablevision has 34% saturation of its market. At 20,000 subscribers, Videotron has 43% penetration. It spends over $350,000, which is over one third of its annual budget, on the local channels to attract more subscribers.

Videotron would like to offer even more channels and develop a greater "interactive" capacity. They believe this is the direction of subscriber demand. There are many requests for programs such as do-it-yourself courses, hobbies, and health care, which Videotron doesn't now have. Videotron's president would like to solve this problem by offering programs on a per-program charge with a percentage paid to the supplier. He sees Videotron then as a bookstore.

Videotron does not attempt to compete with the commercial television stations. M. Chagnon believes that mass programming does not meet all audience needs and cable technology should be used to reach the minority audience and the local audience.

However, M. Chagnon believes software problems can be solved by inter-

"AN ALMOST INEVITABLE THING IS WHENEVER A NEW SERVICE IS AVAILABLE YOU DO THE OLD THING WITH THE NEW THING..... THE WHOLE TEMPTATION THEN WILL BE WITH PAY-TV TO MAKE IT MERELY A CHEAPER OR QUICKER WAY OF DOING THE OLD JOB OF BROADCASTING OR SERVICE. THIS, IN THE LONG RUN, OF COURSE DOESN'T WORK."

MARSHALL McLUHAN
"PAY-TV"
AUGUST, 1976

connection of cable systems, an essential if the full potential of the medium is to be used. Interconnection means a cable network and that means the "wired city".

There is no definition of pay-television, or subscription television, which Videotron does not meet. Videotron offers a vast range of services and "demand" programming television as well as the basic off-air service. The only reason Videotron is not considered Pay-TV is the lack of expected Pay-TV programming: movies. If one strips away the programming prejudice, then Videotron is a Pay-TV system offering special interest "services" including demand programming.

Summary

Both Videotron and Gill Cable share one significant trait: they are universal systems. The premium movie channel is simply one of 24 channels offered by Gill Cable. The objective was to increase subscriber penetration of the San Jose market. Therefore, the basic cable package was made as attractive as possible at as small an additional cost as possible - two movies per month for two dollars per month. Unlike almost every other American pay-cable system, Gill Cable decided to avoid a tiered structure, *i.e.* a basic charge for one level of service and an additional charge for another level of service.

Gross revenues are the same for San Jose as for conventional two-tiered pay channels in comparable markets. 100% penetration of basic cable subscribers at $2 each equals the gross revenue of a Pay-TV channel which has 25% penetration of basic subscribers at $8 each.

One major benefit of a universal channel is the lack of investment in the expensive technology usually necessary to separate the pay subscribers from the basic subscribers.

A second major benefit is the reduced pressure to program the channel with

vast quantities of movies. At $2 per month a subscriber is satisfied with 2 new movies per month, or 26 movies per year. At $8 per month, a pay channel must offer 8 new movies per month, or 96 per year. At this level of consumption consumer dissatisfaction with some films is inevitable. This is significant for Canada, where 26 major movies a year is within our short term production capacity while the production of 96 is not.

These reductions in hardware and software costs, given a gross revenue equivalent to a standard HBO affiliated system, means San Jose should be more profitable than other equivalent size systems in the U.S. In other words, a universal pay-per-channel system which has a low hardware cost, should generate more profit than a non-universal pay-per-channel system which requires security hardware. This lesson is significant for Canada, where such profits could be directed into production.

Videotron is included in these case studies because it is closer to an ideal pay, or subscriber supported, television system than is a premium movie channel, assuming the ideal is minority audience programming and electronic community services.

Like Gill Cable's movie channel, Videotron is universal: a subscriber must rent the converter whether the locally-originated channels are desired or not. This universal approach reflects the same thinking that motivates Del Henry at Gill Cable: increasing subscriber penetration. It has followed from that objective than an "attractive" basic cable package will increase penetration.

The other two systems - Network One and Telecinema - are examples of pay-per-program. These operations have a significant investment in technology and they both require two way cable which does not exist in the majority of Canadian systems.

There are other similarities between Network One and Telecinema which are striking. For example, each achieved 80-85% penetration of their market when there was no installation fee or other financial obligation. That is still the case with Network One but it is a very new system. Telecinema instituted a basic fee, preferring fewer but bigger-spending customers.

Both operations have experienced similar average buying patterns (2.2 buys/month in Columbus and 2.5 in Toronto), and rely to a similar degree on sexploitation films for revenue (30% of the total in Columbus and 40% in Toronto).

Movies are the exclusive offering of Network One and the staple, generating 80% of the business, in Columbus. Both operators say movies are not sufficient programming (an echo of Etobicoke) and they want to develop minority audience programming. Columbus has taken some steps in that direction as Stevens McVoy stated at the Pay-TV seminar in Toronto.

Pay-per-program allows the consumers to indicate the intensity of their programming desires with a cash vote. This dimension of intensity is the factor which allows subscriber-supported television to be "special interest" or "alternative" television.

However, since the economics of subscriber-supported television allows a minority-audience program to break even, it obviously also allows mass audience programming to return huge revenues. Herein lies the heart of the siphoning argument put forward by broadcasters. Mass audience, or lowest common denominator programming, will gravitate to subscriber supported systems because of the greater potential profits.

The Columbus and Toronto systems, despite the fact that they both depend on mass-audience programming, do not disprove the theory of pay-per-program's ability to support minority audience programming because such programming has not been adequately tried on either system. However, they do suggest that the practice of pay-per-program in a private enterprise operation will not vary significantly from pay-per-channel in terms of content, *i.e.*, mass appeal movies.

IMPACT OF PAY-TV

"WE MUST TAKE CARE THAT PAY-TELEVISION IS INTRODUCED IN AN ORDERLY AND CONTROLLED FASHION....THERE WOULD BE LITTLE REASON TO PERMIT (ITS) INTRODUCTION..IF IT WERE TO DEVELOP IN THE SAME MANNER AS THE MOTION PICTURE INDUSTRY IN CANADA."

HON. JEANNE SAUVE

MINISTER OF COMMUNICATIONS

SPEECH TO THE CCTA CONVENTION

JUNE 2, 1976

IMPACT OF PAY-TV ON MOTION PICTURE THEATRES

The impact of Pay-TV on commercial cinema will depend on the degree of competition for product between the two markets. Before attempting an analysis of the impact of Pay-TV in this area, basic questions must be answered: what programming will be on Pay-TV; when will it be shown; at what price will it be sold to the consumer?

If the answers are mass appeal movies; still in theatrical release (in Canada that would mean depending primarily on American movies); at reasonable rental rates; then both theatres and commercial television will find their audiences fragmented by Pay-TV. No one can predict precisely the degree of fragmentation, or its ultimate effect. Obviously marginal independent theatres would be most seriously affected.

If, however, a Pay-TV system depends primarily on Canadian production, or minority interest programming, it will be less of a threat to both commercial theatres and television.

Pay-TV as it is presently conceived is an American movie channel, with additional programming, available on a national basis. This assumption parallels the development of Pay-TV in the United States as a mass market medium. An efficient profit-oriented market system is unlikely to produce anything other than a mass market medium, and mass appeal Pay-TV depends heavily on theatrical quality feature films. Thus the content of Pay-TV and theatres is basically the same, and the major differences are in the method and destination of delivery; the quality of reproduction; and, at present, the timing of release to the market. Another difference may be in the audience reached by the two delivery systems: surveys have shown the theatrical audience to be younger and smaller than the television audience.

Despite these differences, as long as the product and its availability is the same in theatres and on Pay-TV, the theatrical system will be hurt. It is not possible to estimate how badly it will be hurt, but the catastrophic effect of commercial television on the theatrical market in the fifties might be

the closest analogy. At that time the U.S. film producers, distributors, and theatre owners saw their interests as identical. However the U.S. consent decree of 1948 began a process which has accentuated the separate interests of producer-distributors on the one hand and theatre owners on the other. In the U.S. now, the interests and concerns of the major producers are no longer identical to the interests of the exhibitors. This is a very important fact in any analysis of the potential impact of Pay-TV on theatres.

In Canada, the situation is different since the 1948 U.S. decision did not force the vertically-integrated companies to split off their theatres outside the U.S. As a result, the largest theatre chain in Canada, Famous Players, does suffer from a spillover effect since industrial policies designed in and for the United States are applied to the "domestic market" of Canada. Therefore a product shortage may increase the Hollywood companies' bargaining power *vis a vis* theatres in the U.S., but is not necessarily to their advantage in Canada, where Paramount controls the profitable theatres of Famous Players.

Independent Theatres vs. the Chains

There can be little doubt that any problems which the Canadian theatrical system faces as a result of the introduction of Pay-TV will not fall with equal weight on each theatre. The more marginal and rural theatres tend to be independent and Canadian-owned. The two major chains are basically urban. They control the major markets; they have substantial real estate assets which provide a financial cushion; they are large enough to develop efficiencies of scale; and they have guarantees of first run product from the U.S. majors. These facts will tend to protect them from the massive dislocation which Pay-TV might cause.

The smaller chains and independent theatres cannot rely on their market strength, size, wealth, or influence with the U.S. distributors, to protect them. If Pay-TV hurts any theatres it will be these, just as commercial television hurt the second-run neighbourhood and small town theatres most. A mass appeal new movie channel which is available nationally could turn the theatrical experience into an urban phenomenon

like museums, art galleries or zoos, by causing the demise of theatres in less profitable non-urban areas.

If small-town theatres were to disappear as a result of Pay-TV, the effect might be mixed. Businesses which depend on traffic flow created by theatres would be hurt. Nevertheless, since the rural audience is frequently poorly served by theatres, Pay-TV might serve that audience better.

Another possible positive effect of Pay-TV as a trade-off against the fragmentation of the theatrical audience is that a primarily Canadian-content Pay-TV system, generating significant revenue for program production, would provide much better social and economic dividends than the existing theatrical system does. Such a Pay-TV system would produce more jobs and at least keep most of the money it generates in the country. While theatres in Canada help circulate money they also take money out of the local economy in film rentals which ultimately leave the country. An American movie channel would increase substantially the film rentals already sent south of the border by theatres ($33 million plus) and commercial television ($36 million plus) and eventually destroy marginal theatres without providing sufficient benefits in terms of Canadian production to offset this negative impact. A Pay-TV system using a significant quantity of Canadian production would have less impact on all theatres especially marginal independent theatres. Any jobs lost in exhibition would probably be more than made up in production.

Employment

Production employment is much better for the economy than exhibition employment. According to Statistics Canada, in 1974, Canada's indoor and drive-in theatres employed a total of 13,216 people, both full and part-time, while the distribution companies employed 726 people. This industry therefore provided a total of 13,942 jobs. Production employment is much more difficult to quantify because of the freelance system. However, the Tompkins Report stated that there were 8,070 freelance film production workers in Canada, excluding musicians. The National Film Board adds 400

film production personnel. Full-time employees in labs, ad agencies, and production houses do not seem to be listed in any source but a figure of 3,000 would certainly be conservative. Television employs 4,687 in the private sector and an estimated 4,000 in the CBC. Educational television is an additional factor. Adding up these estimates, the program production industry employs 20,157 plus.

While there are no reliable figures over the last ten years, the advent of the CFDC and new television stations such as CITY, or networks such as Global, would guarantee that production employment, no matter what level it is calculated to be, has increased substantially over the years. However exhibition employment has remained relatively static with 9,541 indoor jobs in 1965 compared with 10,295 in 1974. (1)

Another way of looking at the different employment-generating abilities of these industries is to divide total revenues by employment. The Tompkins Report estimated that $150 million annually is spent on all film and video production in Canada. Dividing that figure by 20,000 jobs, the production industry sustains one job for every $7,500 in revenue. From an employment standpoint, exhibition/distribution is less efficient since it requires $14,285 to support each job ($200 million box office divided by 14,000 jobs). If we separate the major distributors and assume they provide 500 of the 726 jobs in the distribution sector, while earning $63 million, (2) then it takes $126,000 to support each employee in the distribution sector.

These figures simply mean that if employment is the objective, then the labour intensive production industry is the best means to accomplish that end. If a tradeoff must be made between the three sectors of the industry, then any policy which generates production will generate many more jobs for any given sum of money.

Production employment is also independent of any particular technology: program production is viable whether it is delivered via theatres, television or videodisk. The recent acquisition of Neilson-Ferns by the Toronto Star and of Keg Productions by MacLean-Hunter is an indication of the confidence these communications conglomerates have in the future of software.

Finally any public policy which attempts to balance the advantages and disadvantages of Pay-TV *vis a vis* the theatrical system must consider the cultural, social, and economic ramifications of the content or product each system will deliver. If a "Canadian content" Pay-TV system supplants the existing "American content" theatre system, would that not be in the public interest? If an "American content" Pay-TV system were to supplant the existing "American content" theatre system, who would benefit other than the cable industry and the American producers?

Competition for Product

If we assume a Pay-TV system in Canada which depends on new movies for its programming - as the U.S. systems do - then the greatest impact of Pay-TV on theatres will be its competition for high quality, mass appeal, primarily American, feature films. This is discussed further in the section under the heading of "Sequential Distribution".

The demand for such films by the U.S. Pay-TV consumer has been well-documented. A survey conducted for Telemation Program Services was quoted by Bob Weisberg in Paul Kagan's Newsletter:

> "It (the survey) shows movies outrank sports as a reason for subscribing to Pay-TV 88% to 7% in areas more than 75 miles from a strong sports influence, but within that 75 mile circle only 73% choose Pay-TV for movies, 21% for sports." (3)

A survey on program content made available to the Saskatchewan Government from Telemation Program Services ranks programming from most preferred to least preferred as follows:

1. Movies (latest Hollywood releases)
2. Older feature films
3. Special programs - live entertainment specials, documentaries, special offerings for children, sports specials
4. Regular network series (both drama + comedy)
5. Regular sports events (special sports events, for example championship games, are rated in the special program category.)(4)

The popularity of movies compared with other away-from-home entertainment

was estimated by a Stanford Research Institute study. It showed the percentage of money spent by U.S. consumers in 1971 for each of the following categories:

Total 1971 entertainment spending	$ 2.6 billion
Theatrical movies	53%
Major sports	21%
Popular music concerts	13%
Continuing education	9%
Major arts	4% (5)

Movies form the backbone of pay-per-program systems even though such systems claim they need more than movies for success. Network One in Toronto shows only movies and has a very high penetration rate.

The fact new movies are the most popular type of Pay-TV programming does not mean that Pay-TV cannot support minority audience programming. It does seem to indicate that mass audience programming pushes out minority audience programming if market forces are left to program a system - a kind of electronic Gresham's Law.

Competition for Audience

Theatres compete with Pay-TV for the movie audience on the basis of the "theatrical experience": that means the quality of the presentation and the social effect of seeing a movie in a theatre. A film seen in a theatre has the advantage of a large screen which, with the aid of peripheral vision, helps suspend disbelief. The visual and audio quality of film projection is much higher than electronic display. TV sets are very backward technologically speaking. There are still many people in Canada who don't have colour tv sets (6) or air conditioning - the latter an asset of the theatrical system in the summer.

There are also many people who want a place to go in a social setting. Movies provide a focus for a "date". According to Jack Valenti, President of the Motion Picture Association of America, only 27% of the movie

audience is over 30 years old.[7] Columbia's Allan Adler has put it this way: 30% of the U.S. population is between 12 and 25 years old and accounts for 60% of U.S. moviegoing. At the same time, this age group are the lightest television viewers. They spend their time socializing. Andrew Heiskels, Chairman of the Board of Time Inc, says:

> "As for the motion picture attendance, we've noticed that Home Box Office subscribers still go out to the movies as a form of recreation. We won't become a nation of hermits, people like to get out of their houses." [8]

These competitive advantages which theatres have must be balanced against the convenience of watching a film at home and the fact that a family can watch a movie on Pay-TV for the price of a single admission in a theatre. In Etobicoke whole groups of people from the neighbourhood watched movies on Telemeter and shared the cost. It reminded one observer of the early days of television when the first set on the block changed the social patterns of the neighbourhood. On a pay-per-program system, Pay-TV would probably be a blessing to large and/or poorer families.

Theatrical Distribution

The other factor in the competition for film product between theatres and Pay-TV may be the deciding factor and that is exclusivity within a market. If a theatre can exploit a given film on an exclusive basis for a period of time then there will probably remain a significant market for that film in that theatre. If Pay-TV is showing that film at the same time, or advertising its imminent showing on Pay-TV during the theatrical run, then the result is predictable and probably disastrous for the local theatre.

The U.S. distributors claim "sequential distribution" is the solution. However, as the windows in the distribution sequence from theatre to Pay-TV to commercial tv become very narrow, each market fears it will lose its audience to the Pay-TV window. This is the crux of the fears which both commercial theatres and television have about the future of Pay-TV. They fear the economic potential of Pay-TV will allow that medium to

outbid them for their audience. The audience for mass appeal feature films remains immense no matter what the technology of distribution or display.

One of the biggest practical difficulties with sequential distribution is the fact that electronic distribution for television (whether commercial or subscription) is much more efficient than the mechanical distribution which theatres rely on - namely making prints of films and shipping them from theatre to theatre. Electronic film distribution, expecially via satellite, is much cheaper once the equipment is set in place. It is instantaneous. Small towns and rural areas are able to receive the film at the same time as large cities. There is no theoretical economic limit to the number of markets the film can reach at a single showing.

Theatrical distribution is cumbersome, time-consuming, and relatively expensive. Thus, the first run of a particular film will occur on one date in major centres and not reach the smallest towns until a year or two later. The cost of reaching these smallest towns, in proportion to the return generated, is very high. Each print of a feature film costs between $700 - 1,000 and the major distributors allocate between 10 and 35 prints for Canadian release. In most cases a region like the Maritimes gets only 2 prints and these play in Halifax and St. John before moving to other Maritime markets.

The problem of distributing these 10 to 35 prints to the theatres in small towns across Canada was touched on by George Heiber, Canadian General Manager of United Artists Corp., in his testimony at the Rocca Hearing in Halifax on May 25, 1976:

> "It is generally considered there are between 800 and 1000 theatres throughout the country that are considered as a potential for the showing of any given picture throughout the country. Now, I would say that 60% of that number are theatres that will cater to relatively small families, particularly in Western Canada and also in the Maritimes, who have a very limited potential and there is a very great limit on how much money they can afford to pay for a picture.
>
> In those particular situations the distributors, as a whole, really are performing a service in helping to keep these theatres open, and the service I referred to basically is the nominal amount of money you charge these people for the rental of your picture, and it's as low as $35 in many cases."(9)

Heiber went on to say that "the only reason it's at $35 is because of the costs involved in handling it". (10) While no one would accuse the distributors of not making money at each and every playdate, this statement shows just how marginal the smallest theatres are to the distributor's gross revenue. The closing of these marginal theatres likely would not affect the earnings of the largest distributors because the cost of servicing them probably nearly equals the revenues generated.

The first run revenue and the key market revenue must be protected. Theatres which are outside both of these areas, particularly the latter, are not a major concern to the U.S. distributors although they have not said this. At the same hearing George Heiber said the first run gross income for a film "can vary anywhere from 70% up".(11) In 1974, the top three markets in Canada generated $47.1 million or nearly 33% of that year's $149.7 million gross. That figure only includes theatres within the city limits of Montreal, Toronto, and Vancouver. The top 10 markets (these markets were Winnipeg, Ottawa, Edmonton, Calgary, Hamilton, London, and Quebec City as well as Montreal, Toronto and Vancouver) (12) in Canada took $75.1 million or 50% of the total.

The major theatre chains are strongest in these urban markets. In Ontario in 1972, Famous Players and Odeon owned or controlled 92.1% of indoor theatres in cities between 35-100,000 population and 75.4% of indoor theatres in the nine cities over 100,000. They controlled 78.3% of all theatres in urban Ontario and 26.4% in rural Ontario. (13)

In 1974, film rentals from the commercial theatrical market totalled 69% of all film rentals in Canada. Television accounted for 24% and 16mm distribution accounted for the remaining 7%. These figures show that theatrical revenue remains of overwhelming importance to the major distributors, but very little of this money is generated by the second run houses or the small town theatres. Therefore these marginal markets would probably be unable to play a major film before it reached Pay-TV. At present, distributors are guaranteed two years for theatrical exploitation before a film is sold to commercial television but the FCC

regulations in the U.S. permit Pay-TV to show a film anytime within three years after its initial theatrical premiere. Unless the CRTC regulated otherwise, Pay-TV in Canada would almost certainly eliminate first run product availability for marginal theatres.

Thomas Guback has analyzed one case study in the New York area which gives an indication of the result when a specific film is seen on both pay-cable and in theatres in the same and different markets.

> "As a precise case study, consider the film BLAZING SADDLES, which played first in theatres, then on various pay-cable systems, and afterward again in theatres (further demonstrating that the discrete tier sequence of release does not exist). Data are available for gross receipts from its simultaneous theatrical engagements in Pay-TV and non-Pay-TV communities around the New York metropolitan area. These show that although house seating capacity was <u>larger</u> in Pay-TV than in non-Pay-TV towns, the gross box office earnings were <u>lower</u> in Pay-TV than in non-Pay-TV towns.
>
> The film opened on a re-release basis for three-week theatrical engagements beginning March 10, 1976. The picture previously played on HBO, with a premiere on January 1, 1975, and "encore" performances in April, May, July, and August 1975. Five communities in the sample have HBO service. The sixth, Huntington, played BLAZING SADDLES several times in April and June of 1975.
>
> Referring to Table 7, in areas in which the film had been shown previously on pay-cable, six theatres (Group A) playing the picture have capacities of 4400 seats, but gross receipts of \$86,707. By contrast, in non-Pay-TV communities, five theatres (Group B) showing the film have seating capacities of 2743, but had gross receipts of \$98,658. Average receipts per house in Pay-TV towns were \$14,451, whereas in non-Pay-TV towns, they were \$19,731. Average revenue per seat in Pay-TV towns during the three-week engagement was \$19.70, but in non-Pay-TV towns it was almost twice as much, \$35.96.
>
> Along with these two distinct groups of theatres must be considered a third: namely, theatres in towns that, while not having pay-cable, are adjacent or within a mile or so of towns that do have Pay-TV service. Presumably, people in these pay-cable areas can be customers of these near-by theatres. Four houses bordering Pay-TV communities also ran BLAZING SADDLES during the three-week engagement. Total seating capacity was 5289; gross receipts were \$115,468. For the average, each house had \$28,867 in receipts, and \$21.83 per seat. Although this was higher than per seat revenue in Pay-TV areas, it was somewhat lower than per seat revenue in towns relatively isolated from pay-cable service.

Price of admission was not a factor in the earnings of theatres exhibiting BLAZING SADDLES. All had evening adult prices of between $3 and $3.50, and matinee price range showed no conditions that could influence house revenues. Interestingly, however, one theatre in a non-Pay-TV community had the lowest evening adult prices, $2 and $2.50 for weekdays and weekends, yet its gross receipts were greater than larger theatres in Pay-TV areas charging as much as $3.50 admission.

The case of BLAZING SADDLES demonstrates that theatres showing the film in Pay-TV communities, after it had run on cable, had significantly lower revenue than other theatres that did not face the same competition. Pay-cable's use of film, therefore, had an unquestionably negative effect on theatre attendance and receipts. This, of course, is a preview of what will develop on a larger scale when Pay-TV's penetration increases and its showing of films proliferates."

Table 7
Gross Receipts for BLAZING SADDLES in Pay-TV Towns, Non-Pay-TV Towns and Border Towns, March 10 - 30, 1976

A. Theatres in Pay-TV Towns

		Capacity	Receipts
Theatre A-1		907	$ 13,806
Theatre A-2		678	19,466
Theatre A-3		1112	13,708
Theatre A-4		550	10,722
Theatre A-5		554	16,929
Theatre A-6		599	12,076
	Total	4400	$ 86,707

(Average per house $ 14,451 Average per seat $ 19.70)

B. Theatres in Non-Pay-TV Towns

		Capacity	Receipts
Theatre B-1		993	$ 20,133
Theatre B-2		600	37,523
Theatre B-3		200	16,357
Theatre B-4		450	12,099
Theatre B-5		500	12,546
	Total	2743	$ 98,658

(Average per house $ 19,731 Average per seat $ 35.96)

C. Theatres in Non-Pay-TV Towns Adjacent to Pay-TV Towns

		Capacity	Receipts
Theatre C-1		600	$ 13,193
Theatre C-2		1798	42,248
Theatre C-3		1304	27,420
Theatre C-4		1587	32,607
	Total	5289	$115,468

(Average per house $ 28,867 Average per seat $ 21.83)

(14)

Product Shortage

An increasingly important factor in the competition for feature films between Pay-TV and theatres is the ongoing "product shortage". Between 1940-49, the major U.S. distributors released on average 445 films per year. In the fifties this annual average had dropped to 373 films and about 250 films in the sixties. In 1975, the 21 national U.S. distributors released 182 new films and re-issued 40 films. (15)

The obvious was acknowledged in Variety on March 17, 1976, which said in an article subtitled - "Majors Can't Supply Full Year's Product":

> "the Hollywood production-distribution film establishment is abdicating to a significant degree its historical and tacit commitment to provide 12 months of full product serving each year ..... fewer films could, and would, profitably sustain any major company (therefore) the industry's crucial power base will remain in the hands of the leading companies".

These companies, according to Variety, are stablizing annual production at 100-125 films per year involving a production investment of $400-450 million.

This product shortage has increased the negotiating power of the distributors and raised the price exhibitors must pay for the "blockbuster" films which keep people coming back to theatres. These films often are rented to the exhibitor for as much as 90% of his gross, after house costs are deducted, or a minimum of 70% of the gross revenue.

Exhibitors have coped with the product shortage by eliminating double features, increasing the length of runs from days or weeks to months, reducing performances to evenings or weekends only, redeveloping expensive theatre locations, or simply closing down. The trend to multi-screen houses is a paradoxical response to the problem because, while it increases operating efficiencies and reduces overhead for each screen, it exacerbates the product shortage.

The product shortage is actually more a function of changing distribution patterns than of reduction in production. Since Hollywood increasingly

produces television programming it has reduced its reliance on theatrical distribution. The "B Movie" has become the "Movie Of The Week". There is still a demand for this product and it is still being made - but the theatres are no longer the medium to reach that market. Thus, the product shortage is a theatrical phenomenon rather than a production phenomenon.

MPAA's Jack Valenti said two years ago:

> "Seven years ago 1% of all primetime TV movies were made expressly for TV. Today its 61%. That's 180 films in the 1973-4 TV season that are being made on top of all the films made for theatres." (16)

Obviously, conventional television has been a major factor in theatrical product shortage by providing an alternative market. Pay-TV would doubtless add to the trend.

Yet, there are indications that this market for Hollywood product is declining. Columbia's vice president Allan Adler:

> "Sales of feature films to the networks began in 1961, and peaked in the period between 1967 and 1970 when the networks telecast about 140 first run theatrical features every year. Last season only about 104 first run theatrical films were telecast by the three networks. This season's total will be even less. Theatrical sales by our industry to the networks in dollars have dropped from almost $250 million in 1967 to less than $80 million over each of the last three years. That is a severe drop in any business. On the other hand, the networks began buying specially made motion picture product. What we call M.O.W.'s-movies of the week which are designed to look like theatrical features but which are shot on a television budget. This market is also showing signs of declining. For example, 167 made for TV movies including series type movies like Colombo were telecast in the 1974-5 season, down from 180 during the previous year. This current season will see a still further decline." (17)

Market Economics

The long term decline of the theatrical audience, coupled with the exhaustion of Hollywood's backlog library on television, and the peaking of made-for-tv production, explains the acute interest the U.S. producers have in Pay-TV. That interest has included subsidization of Pay-TV by Hollywood. In 1975,

according to Valenti, MPAA companies received $230 million from the sale of movies to American commercial television and $5 million from the sale of more recent (and more valuable) movies to Pay-TV. The 1975 U.S. theatrical film rental revenue was $628 million. [18]

At present, commercial TV can pay as much or more for one movie it really wants as Pay-TV paid last year for <u>all</u> its movies. As the Stanford Report concluded:

> "The very high rentals ($3 to $10 million) that free television has been paying for blockbusters seem, from preliminary analysis, to make the siphoning of blockbusters less likely than the siphoning of average movies." [19]

The reason Hollywood is betting on Pay-TV is the belief it can become a substantial market that increases the potential return on each film by adding another paying audience to the theatrical and television markets. The expected size of this Pay-TV audience has been estimated by NBC to be 5.5 million subscribers in 1985 and this Pay-TV market will have $140 million to spend on programming.[20] The Gallagher Report [21] expects revenues from non-theatrical (other than theatres and TV) film rentals to increase from their present U.S. estimate of 3% (in Canada this is 7%) of total film receipts to 50% by 1985. By 1980, Columbia VP Allan Adler estimates a 3-4 million home Pay-TV market generating $4-500 million in revenue.

No matter which media markets (including videodisk) take the consumers' entertainment dollar in the future, today the theatres remain the primary market, followed by television which is a distant second, and non-theatrical markets such as Pay-TV which are miniscule by comparison. The U.S. producers cannot ignore the exhibitors' complaints totally, as Senate Anti-Trust Subcommittee lawyer Jerry Hellerman told the theatre-owners: "Your theatres represent too many dollars for motion picture distributors to forget about you." [22]

The truth of Hellerman's observation could be seen behind a statement Allan Adler made to a NATO meeting in Anaheim as reported in Kagan's <u>Newsletter</u> (Nov. 17, 1975): "Adler suggested that in the future it might become necessary for a pay-cable operator or distributor to delete a particular

film from a network showing because of local theatrical priority." This is a recognition of the problems theatrical distribution faces in competition with electronic distribution.

Sequential Distribution

Sequential distribution is the solution offered by the Hollywood producers to the competition for film product between different media markets. Whether it will work without one market eventually destroying another is the question that theatre-owners aren't sure they want answered.

Jack Valenti of the MPAA made the concept of sequential distribution very clear to the Senate Subcommittee on Antitrust and Monopoly at its Pay-TV hearings in 1975:

> "I want this committee to understand how the film industry intends to market film. It is a sequential process, it is logical, and it is full of commonsense.
>
> First, we sell our films to theatres, which is the prime gathering place for audiences who see films.
>
> From theatre exhibition, we would plan to move to family choice cable Pay-TV for a limited number of months.
>
> Then we would lease the film to conventional network television. Then, finally, it would go into what we call local station syndication.
>
> So there are four separate categories, each moving sequentially along a marketing strategy plan. That is precisely the way the films are going to be marketed." (23)

However, the theory behind sequential distribution is based on the power of market economics. In other words, the place each market has in the sequence depends on its ability to pay for a film, as the film's value declines with its exploitation in each following market. Paramount's vice president, Peter Kuyper, has explained the rationale behind their film marketing policy very well:

> "Our policy on sequential distribution is clear. Pictures will move from one medium to another, with each medium paying less than did the one before, as the film becomes increasingly exposed.

> Thus, just as a film generates $5 or $6 per customer on a New York City showcase run, and perhaps only $1 at a drive-in or neighbourhood house, its value decreases as it moves through the various levels of TV exhibition.
>
> Pay-cable may pay 35-45 cents per subscriber to rent the film, a TV network may pay 7 cents per viewer and the film may generate as little as 1 cent per viewer when it reaches independent TV station syndication.
>
> There is nothing mysterious about this sequence ... because the value of a movie goes down, not up, there can be no such thing as siphoning, in the context that has been used at the FCC. Only a lower medium can siphon from a higher medium and not the other way around. Pay-TV is a higher medium than commerical TV, in the sense that it is required to pay more to obtain its product." (24)

From the point of view of the distributors, this analysis is correct. However, since it is based on *per capita* revenue, one market can theoretically outbid another for its place in the sequence. This is particularly true of a pay-per-program Pay-TV system with respect to a theatrical system. If Pay-TV does outbid some theatres for a film and takes a priority position in the marketing sequence, than the theatrical distribution of films may be limited to the major theatres which can generate as much or more money *per capita* than Pay-TV. Marginal theatres will probably not be able to compete; but it is unlikely, in the forseeable future, that major urban theatres will be unable to provide as much *per capita* revenue to film distributors as Pay-TV. Even commercial TV can outbid Pay-TV for "blockbuster" movies, at the present time.

In Canada, a film is supposed to have two years exclusive theatrical run before it is released to commercial television. Pay-TV could end that two year delay in home distribution. At that point the long run survival of many theatres would be in jeopardy, squeezed as they are between a product shortage on the one hand and the wired city on the other. It is also increasingly possible that future technology will be able to recreate the "theatrical experience" in the home by utilizing developments like wall screens.

Movie theatres may take on the role of "museums" of 20th century popular culture. Would this be good or bad in the long run for Canada? If a

distribution medium which actively supports Canadian program production displaces a medium which does not, then it can only be a net cultural, and economic, benefit to the country.

Summary

The impact of Pay-TV on commercial theatres will depend on the definition of Pay-TV. If Canadian Pay-TV does not depend on American first-run movies, as Canadian theatres do, then the impact will be very slight. On the other hand, assuming that Pay-TV will offer the same product several months after first commercial release (as Toronto's Network I does or American systems do) and significantly before commercial television release, then Pay-TV will have a negative impact on the commercial theatrical audience. This impact will probably close the marginal theatres which tend to be rural and independent.

From the standpoint of the consumer, the advantage of Pay-TV will be its convenience and relative inexpensiveness. One ticket versus two tickets, parking, baby-sitter, etc. These advantages are offset for younger movie-goers by the social experience of "going to the movies" as well as the undeniably superior quality of 35mm projection over the home television receiver.

From the standpoint of the distributor, the advantage of Pay-TV is that it can reach the "lost" theatrical audience which does not go out to movies. Electronic distribution is also significantly easier and cheaper than mechanical distribution. Thus the marginal theatres, which are at the end of the mechanical distribution cycle, are most likely to be replaced by Pay-TV.

The first-run theatres in the larger markets are still the most important market for film distributors and will continue to be for the foreseeable future. It is also proportionately cheaper and quicker to service the largest theatrical markets. Pay-TV is unlikely to jeopardize the largest theatrical chains and may indirectly help them if Pay-TV investment begins to counter the "product shortage".

IMPACT OF PAY-TV ON COMMERCIAL TELEVISION

In the United States, siphoning of programming is seen as the potential danger which Pay-TV holds for commercial television. There has been very little concern about the possible effect of audience fragmentation. The present size of the pay-cable industry in the U.S. is still too small to allow conclusions to be reached about these issues. However, it would seem inevitable that commercial television will suffer from fragmentation *i.e.* have fewer viewers if mass appeal material is siphoned to Pay-TV. This would be particularly true on per-channel systems.

Siphoning

The issue of siphoning - that is drawing the material on commercial television to Pay-TV - is controversial because it hasn't happened yet. Also, in the U.S. it involves many side issues such as the First Amendment right of free speech as well as the equally sacred - perhaps more sacred - right of market competition and free enterprise. However the issue is finally resolved, at the moment the actual potential for siphoning is speculative though the existence of a danger is generally recognized. The Federal Communications Commission in the U.S. has issued restrictive regulations limiting the programming that pay-cable can purchase. These anti-siphoning rules have been seen by the cable industry, the motion picture industry, and even a sub-committee of Congress, as baldly protecting the vested interests of one powerful industry against legitimate competition from another.

The National Association of Broadcasters, which represents the most vigorous anti-pay cable lobby, has described the effects of siphoning before the FCC:

> "The potential effects of siphoning on the quality of free television programming are well known. First, since free television is limited in its ability to compete with pay television for high quality programming, much popular programming could become available only on pay television. Consequently, a large proportion of the public would never again have access to previously available programming.

Many people live in areas which will never be served by either cable, STV, or any other form of pay television service. Other persons with low, moderate or fixed incomes simply will be unable to afford any form of pay television.

Second, the loss of popular program fare would precipitate the loss of free television's audience -- and, consequently, vital advertiser support. No longer would the profits from popular entertainment programming be available to subsidize costly news, public affairs, and locally oriented programming. Free television would become a pallid glimmer in the shadow of a thriving pay television industry which would provide glossy entertainment for some and public service to none.

Third, siphoning impedes the development of diverse program services. Pay television will never provide new and diverse types of programming if it can operate profitably providing programs already made popular by free television. Quality entertainment programs merely would shift from free television to pay television. Free television, unable to provide any meaningful news, public affairs or local programming would be left with cheap low grade entertainment programming, diverse only in its dismal quality when contrasted with pay television." (1)

The issue of siphoning was described another way by the staff report of a Congressional Subcommittee on Communications titled Cable Television: Promise versus Regulatory Performance. This report decided pay-cable "extends the exciting prospect of making special interest programming widely available. Also, it promises to give the cable home access to a much wider variety of the kinds of programming currently offered on over-the-air television, for example, feature films and sports."

With this definition of pay-cable in mind, it then discussed siphoning:

"The features which make pay cable attractive also make it extremely controversial. The debate revolves around the danger of siphoning, i.e., the potential ability of pay cable programmers to outbid conventional television broadcasters in the programming market and thus deprive those that do not have access to pay cable, for economic or geographic reasons, of the programming they now enjoy. Siphoning is a word used by broadcasters, no doubt because it evokes the image of a cable operator robbing the broadcaster of his programming. In fact, siphoning does not refer to anything being confiscated from the broadcaster, but rather to the fact that if pay cable is allowed to compete with over-the-air television for programming it might sometimes be able to offer the copyright owner

> a higher price. This is what took place when television was able to outbid radio for programming, even though part of the audience - those who could not afford television sets or were outside television service areas - was denied access to the programs.
>
> This is not to say, however, that siphoning is not a problem worthy of regulatory concern and attention. Quite clearly, the public interest would be disserved if siphoning of some types of programming occurred." (2)

LIVE VS. NON-LIVE PROGRAMMING

The report goes on to distinguish between the potential siphoning of movies and sports:

> "From the standpoint of telecasting, sports events are unique. They constitute popular and desirable programming that generally must be shown live, and thus have great value for only a short period of time. This contrasts sharply with feature films which can be released, 'rested', and released again and again for many years. The issue, therefore, regarding sports events like the Super Bowl is whether they will be available on conventional television in light of pay possibilities, whereas the issue regarding feature films, like "BRIDGE OVER THE RIVER KWAI", is when they will be available on conventional television. In view of this consideration and their great popularity, the FCC is properly concerned that sports events now available on commercial television to the largest possible audience not be siphoned to pay-cable, and thus available only to those who have access to pay-cable and are able to pay for such a service." (3)

Movies

This statement correctly makes the distinction between siphoning live events and delaying non-live events such as movies. The issue with movies is not one of depriving commercial television, but of delaying the commercial television broadcast. The commercial audience is not deprived any more than theatres deprive them of seeing movies on television. As Peter Kuyper of Paramount has pointed out, the consumer must pay more for quicker access to a movie.

Leaving live events aside for the moment, the concept of siphoning non-live programs is a misnomer. The real issue is simply the degree to which Pay-TV delays release of movies to commercial television. Such a delay

decreases the value of a movie to an advertiser, but it also decreases the purchase price from the distributor, just as second-run theatres pay less for a film than first-run theatres.

The Stanford Research Institute's May, 1975, report "Analysis of Consumer Demand for Pay Television" reached this conclusion also:

> "Actual loss of movies from free television does not appear to be a problem, for the same reason that movies now get to television in the first place: rentals on a pay-medium, whether theatres or pay-television, decline with successive re-issues. At some point, the $750,000 in exhibition rights that free-television offers for typical movies will exceed the gains from further re-issues, and the product will be sold to television."

The Stanford study reached the following conclusions about pay television siphoning:

> "The rate at which rentals would decline with successive re-issues on pay television is crucial in assessing possible delays in the sale of movie rights to free television. Our calculations indicated that, in the short run, delays in the network air date would not occur unless each pay release received 40 to 90 per cent of the rentals of the preceding release ..." (4)

This study went on to assume that the maximum growth of Pay-TV by 1985 would be 16.2 million subscribers with total revenues of $1,903,000,000. Making further assumptions, the authors concluded that a 120 movie shedule that year would be able to pay $140 million in film rentals or $1.17 million for each movie.(5) A recent National Broadcasting Corporation study predicted that U.S. commercial television will triple its revenues to $13 billion by 1985. (6) If film rentals are also tripled, commercial television would be able to afford to pay nearly $2.5 million for its movies or over twice Stanford's most optimistic forecast for Pay-TV.

In other words, commercial television should be able to outbid Pay-TV for theatrical movies in the forseeable future as it now does. However, this would not apply to a national pay-per-program system which offers a blockbuster of a JAWS proportion. Even under this scenario, Pay-TV would only delay, not delete, the movie from commercial television.

At the present time, the networks have been "siphoning" movies from Pay-TV rather than vice-versa. This practice is called "warehousing". In some cases a network will insist that a condition of its television purchase is exclusivity from Pay-TV. In a letter dated February 11, 1975, Telemation Program Services' Bob Weisberg wrote to FCC Chairman Richard Wiley:

> "As recently as yesterday, MGM advised me that they still could not offer SUPER COPS to pay-cable and that the original exclusivity requirement in the contract with CBS was 'still in effect'.
>
> Within the past ten days, two other film distributors have advised me that several of their features will not be available for use on pay-cable after certain dates. I can only assume that network sales have precluded the distributors from offering their films to us during the entire two year Pay-TV period. ...
>
> Given these facts the pattern seems clear. The networks are attempting, through their substantial 'buying power', to cut deeply into the supposed two year Pay-TV playoff time. <u>An extension of the rules to three years would be meaningless to Pay-TV unless it was accompanied by an assurance that the intended FCC policy could not be thwarted by economic leverage on the part of the networks."</u> (7)

The FCC extended the Pay-TV window to three years, but that has still not solved the problem from the standpoint of the pay-cable industry. For example, in 1972 ABC bought the television rights to BUTCH CASSIDY AND THE SUNDANCE KID for 3 screenings in 1976-1980. The film was released theatrically in 1969. The FCC anti-siphoning regulations have banned it from Pay-TV for the period 1972 until after its broadcast by ABC in 1976.

It would seem that in the U.S., even if anti-siphoning regulations for movies are entirely removed, the commercial television networks are in a position to outbid Pay-TV for the movies it wants. Once a movie is seen on U.S. network television, it becomes available to Canada's 3 million cable subscribers. For better or for worse, American anti-siphoning regulations or the economic power of the U.S. networks, more than the rules of the CRTC, will decide when nearly half of Canada's households will see Hollywood movies.

Sports

Sports has become an increasing part of U.S. network time. According to the NAB, in 1960 the three networks carried 340 hours of sports programming which had risen to 980 hours by 1973 and 1,375 hours for 1975-6. (8) This does not count local television sports.

Sports has become just as important to Canadian television. The CBC English network broadcast 532 hours of "Sports and Outdoors" programs in 1974-5 or 13.5% of its total airtime. The French network broadcast 673 hours or 12.7% of its airtime. About 75-80% of this time is devoted to Canadian sports events. (9)

The Stanford Study estimated that in the U.S. there are 1,000 sports events in each region which are televisable on commercial or Pay-TV. It further estimated that demand would only be 12 events per year. There would seem to be a substantial number of sports events which are available for television. Commercial television has been estimated to broadcast about 20% of available major league sports. In the U.S., the increase in sports programming has been matched by an increase in sports available due to new leagues and expansion teams. Therefore, in terms of most sports events, there would seem to be enough for everybody.

The obvious exception are the special events such as the Grey Cup or Super Bowl. Given the experience in heavyweight boxing championships, Pay-TV could probably siphon these major events because the value would allow extremely high ticket charges (assuming pay-per-program). Secondly, unlike movies, sports events have a value at only one moment in time. They cannot be re-broadcast and provide the same dividend to either the viewer or the advertiser. Yet in many cases, local sports events are more valuable than distant or national events *i.e.* hometown college rather then faraway major league teams. Therefore, minority audience Pay-TV might not siphon national sports, but program instead purely local-interest sports.

While there is less data on Pay-TV sports than there is on Pay-TV movies, the real time events are actually "siphonable" rather than just "delayable". Therefore, anti-siphoning regulations would probably be necessary,

especially for championship events. Anti-siphoning regulations for non-live events would appear to be unnecessary.

In Canada, competition between Pay-TV and commercial television for Canadian programming would be very salutary given the terrible condition of the independent program production industry. On the other hand, competition for foreign product must be avoided at all costs since it would only mean that valuable programming money would be flowing across the border at an accelerated rate.

Prof. Hugh Edmunds of the University of Windsor, has put the issue this way:

> "...with the exclusion of regularly televised league sports, I see little merit in anti-siphoning regulations for Canada since our problem is not one of overpaying Canadian productions to lure them away from conventional broadcasters, but of adamantly getting more funds to Canadian productions." (10)

Following is a digest of FCC anti-siphoning rules prepared by the National Association of Broadcasters' Committee on Pay Television.

> "The Federal Communications Commission first adopted anti-siphoning rules in 1970. These rules govern pay-cable television (programs for which a per channel or per program charge is made). The FCC amended its anti-siphoning rules on April 4, 1975.
>
> Following is a digest of those portions of the revised rules which pertain to movies and sports.
>
> <u>I. Movies</u>
>
> A. Films less than 3 years old may be exhibited without restriction.
>
> B. Films under contract to a local TV station or a network with a local affiliate may be exhibited in that market commencing with the film's availability date. Of course, if the station or network has obtained exclusivity against subscription use, this provision of the rules would be of no benefit to pay-TV.
>
> C. Films over 10 years old may be exhibited if they have not been shown on TV in that market during the previous 3 years. Once a film has been shown on pay-TV pursuant to this "over ten" rule, it is thereafter available to pay-TV in that market without restriction.
>
> D. No restrictions on exhibition of foreign language films.
>
> <u>II. Sports</u>
>
> A. <u>Specific events</u>, e.g., Super Bowl, World Series, cannot be shown if they were on TV in the market during any of the prior 5 years. New specific events resulting from a restructuring of an existing sport are subject to a minimum 5 year waiting period before availability to pay-TV.

B. <u>Non-specific events</u>, e.g., regular season baseball games, are divided into categories of home, away, pre-season and regular season (latter category includes post-season games).

If less than 25% of the events in a category were broadcast on TV in a market during each of the preceding 5 seasons, pay-TV could show the number of games remaining in that season of the previous 5 when the greatest number of games were telecast. E.g., assume that during the previous 5 seasons, local TV had broadcast 16, 18, 15, 13 and 10 of the 80 regular season away baseball games. Under the rule, 62 away games could be shown by pay-TV because the 18 game high water mark season would govern and pay-TV would be entitled to show all the remaining 62 games.

If 25% or more of the events in a category were broadcast on TV in a market during any one of the previous 5 seasons, pay-TV could show no more than 50% of the remainder games during the high water mark season. E.g., assume that during the previous 5 seasons, local TV had broadcast 15, 25, 40, 32 and 27 of the 80 regular season away baseball games. Under the rule, 20 away games could be shown by pay-TV because the 40 game high water mark season would govern and pay-TV would be entitled to show half of the remaining 40 games.

A further provision of this "25% or more" rule calls for a proportionate reduction in the number of permissible pay-TV events when the number of events to be shown on conventional TV during the current season is less than the number shown during the high water mark season. E.g., using the facts in the previous example, assume that 30 away games are being telecast locally during the current season. Since the 30 games represent a 25% reduction from the 40 game high water mark season, a 25% reduction is applied to pay-TV's permissible 20 games, leaving 15 games for pay-TV exhibition.

C. Games of new teams in existing sports leagues and of teams which have changed locations in such leagues would be governed by averages of league telecasts.

D. These sports provisions only apply to "live" events. The term "live" is defined as any telecast or cablecast that is simultaneous with the actual occurrence of the event or is a delayed tape showing begun while the event is still in progress."

Fragmentation

THE U.S. SITUATION

American broadcasters have focussed their attack on the evils of Pay-TV through the issue of siphoning, and seem relatively unconcerned about audience fragmentation. However, in Canada, fragmentation, rather than siphoning, is likely to present the most serious problem.

The FCC has followed suit and largely ignored the question of audience fragmentation. The U.S. House of Representatives' Communications Sub-Committee pointed out that in neither the FCC's 1970 Report and Order making the STV rules applicable to pay cable, nor in its 1975 action loosening those rules, did the FCC cite any study, or make any finding stating that restrictive rules are necessary on competitive, as contrasted with siphoning, grounds. In its Memorandum and Order (1975), the FCC said "...the problem addressed by the subscription rules is siphoning, not audience fragmentation..."

The House Sub-Committee Report said:

> "...the Commission had concluded that the economic impact of pay-cable on conventional television would not undermine the health of the commercial system. Other more recent studies have reached the same conclusion. Indeed, statistics establish the overall financial well-being of the broadcasting industry..." (11)

The Stanford study Analysis of Consumer Demand for Pay-Television is not one of the studies referred to above, but it echoes this consensus:

> "Since prices of pay-television programs are currently high, about $1.00 per hour, substantial audience loss was not anticipated. In fact, our 1985 projection of audience loss in prime time is only 3.0 percent, even with the assumptions that all pay-television viewing would come in prime time and all pay-television viewing would come at the expense of free-television viewing. With a drop in prices to 25 cents per hour, projected prime-time audience loss in 1985, even under our extreme assumptions, is still small, about 11.9 percent. Since population growth would naturally increase television viewing by about 10 percent by 1985, reduction in audience size significantly below current levels is unlikely." (12)

A partisan member of the debate, Viacom Cable's President, Ralph Baruch, was quoted at the July 27, 1976, hearing of the House Sub-Committee attacking "yesterday's straw man" - siphoning - and "tomorrow's straw man" - audience fragmentation.

He said:

> "Even if network TV homes stagnated, and nearly half the nation's present cable homes took pay-cable, fragmentation of network audience would amount to only 6/10 of 1%." (13)

THE CANADIAN SITUATION

While the Americans seem quite satisfied that Pay-TV won't significantly fragment the commercial television audience, the Canadian situation is different. Our television industry is not as strong, rich, or culturally homogenous as the U.S. industry. Canadian television has already been seriously affected by audience fragmentation as cable brings in American stations, and new Canadian stations - which add more American programs in competition with Canadian programs - are licensed. Also in Canada, smaller stations are in a very weak financial position *vis à vis* the larger stations.

Pay-Per-Program vs. Pay-Per-Channel

How much Pay-TV fragments the broadcasters' audience depends, as usual, on what type of Pay-TV it is. Pay-per-program will be watched less because it is more expensive. Pay-per-channel would be indistinguishable from most commercial channels except for the lack of commercials, and a great number of its programs would likely attract viewers.

The Columbus, Ohio, and Toronto pay-per-program systems have experienced about 2.5 buys-per-month per subscriber. This would mean about 5 hours per month out of the approximately 100 hours per month the average Canadian household spends watching television. If 1 million subscribers (15% of Canadian TV households) were connected to pay-per-program, then audience fragmentation would be 15% of 5% of the total TV audience, which is less than 1%.

The fragmentation that a pay-per-channel system would create would be higher, but no one can be sure how much higher. The CBC has said:

> "Pay-TV would, in our view, still further fragment television audiences: our estimate is that off-air broadcasters could suffer a loss in audience of between 4 and 8 percentage points if pay-per-channel were introduced. What the loss would be if

pay-per-program were to be introduced is more difficult to estimate, but we think it would be a good deal smaller. For the decision to pay for and watch a particular movie or sports event is more likely to be akin to a decision to attend such presentations outside the home." (14)

Estimated Revenue Loss For Broadcasters

The Canadian cable industry has estimated possible audience fragmentation this way:

> "If two adult viewers per pay-subscription watch one quality show, say 100 minutes, on the pay-service each week the potential viewing loss to broadcasters is 3.3 hours. Assuming this loss is split evenly between Canadian and American broadcasts (since Canadians split their viewing time almost evenly between Canadian and American stations) the loss to the Canadian broadcaster is 1.65 viewing hours. If all this loss were to occur in prime time, when broadcasters can charge advertisers 4-5¢ per viewing hour, the total potential revenue loss for Canadian broadcasters would be about 6-8¢ per week for each pay television subscription." (15)

If these estimates are correct and assume one million pay subscribers, this would mean an annual financial loss of $4,160,000 or about 1½% of the total 1975 television advertising revenue of $245 million. In any case, these figures apply more to pay-per-program, than to pay-per-channel. In the latter case, program viewing would probably be at least tripled and, at 300 minutes per week, the potential financial loss for broadcasters is $13 million or about 5% of the total. Depending on the program mix, Canadian content quota, and possible anti-siphoning regulations, the pay-channel could drain substantially more or less.

A rough estimate of the potential impact of U.S.-style, pay-per-channel Pay-TV was put together by J. Dent Pigott for the investment house of Burns, Fry Ltd. It states:

> "Under the assumption that Pay-TV is allowed to develop on its own, the following possibilities could occur for a theoretical commercial broadcaster.

	Without Pay	30% Pay Penetration	50% Pay Penetration
Basic Cable Penetration	60%	60%	60%
Total Station Viewers (Average)	350,000	350,000	350,000
Total Cable Viewers	210,000	210,000	210,000
Pay-TV Subscribers	--	63,000	105,000
Pay Hours Per Month (6 Shows)	--	12	12
Prime Time Rate (60 Seconds)	$ 1,000	$ 820	$ 700
Cost Per 1,000	$ 2.85	$ 2.85	$ 2.85
Total Revenue/Year (000)	$ 15,000	$ 14,663	$ 14,439
Revenue Loss/Year (000)	--	$ 337	$ 561
Net After Tax (000)	$ 2,250	$ 2,081	$ 1,970
% Decline		- 7.5%	- 12.5%

The foregoing figures assume that all the Pay-TV viewing is concentrated in a single program rather than being spread over several repeat showings. Moreover, it is assumed that the broadcaster is selling on the basis of cost per thousand and on an average quarter-hour basis." (16)

Large vs. Small Broadcasters

A loss of 7.5% of revenue would be acceptable for the largest broadcasting stations, but disastrous for the smaller stations. In 1973, the 11 privately-owned television stations in Canada with revenues under $500,000 had a net total after tax loss of $85,245. On the other hand, the 14 privately-owned stations with revenues of $3 million and over had a total net profit after tax of $14,872,614 for the same year. This figure represented 89% of total net profit for all privately-owned Canadian television stations. (17)

These major market stations have more buyers for their air time than they can sell so a slight loss in audience might not mean a financial loss because they could raise their rates. But the marginal television stations, like the marginal theatres, might be fatally crippled by even a very small

financial loss. If this were to become the case, the CRTC would no doubt find a way of reducing the financial burden on these stations rather than see television service reduced for rural or small town viewers.

Summary

While it is difficult to predict the extent of the negative impact of Pay-TV on conventional television, there is no question that the impact will be negative and will be greater on a pay-per-channel system than on a pay-per-program system. A universal pay-per-channel system would presumably have the greatest negative impact on the broadcasting industry. However this could be offset by the financial benefit of this system to the production industry, and the cultural benefit to the country if Pay-TV is subject to strict Canadian content regulations.

The most damaging impact will be on the marginal small town television stations which could be placed in serious jeopardy. The impact of any Pay-TV system on those stations would have to be monitored very carefully. While the broadcasting industry will be a net loser in the introduction of Pay-TV on any basis, this need not be a loss for the public interest and could be a gain for the program production industry. This depends of course on the structure of a Canadian Pay-TV system.

IMPACT OF PAY-TV ON THE CABLE INDUSTRY

The Canadian Cable Industry

In 1973, there were 274 cable companies operating 362 systems with an operating revenue of $106.9 million from 2.1 million subscribers, or 32% of Canada's television households. Most of these companies were very small, often getting into the cable business by extending the services of a related operation such as television repair. The largest 17 companies with revenues greater than $1.6 million each ran the 46 largest cable systems and accounted for 55% of the industry's total revenue.[(1)]

The most recent figures available from the CRTC put Canadian cable TV subscribers as of August 31, 1975 at 2,871,000 or 44.5% of all TV households. There were 4.6 million TV households in the licensed areas of the 413 cable systems operating (up from the 362 in 1973). This means that 72% of Canada's TV households can now get cable television. Estimated total cable revenue for fiscal 1975 is $161 million. The CRTC projects the 1978 total number of cable subscribers will be 3.422 million (2.922 English; .500 French).

The cable industry's profit picture has been improving as the original debt on capital equipment is amortized. Although many operators maintain that replacement and maintenance is running much higher than originally estimated, the whole system is healthy. In 1974, pre-tax profit increased 30.7% to $29.4 million on total revenue of $132.6 million. This is an industry average of 22% pre-tax profit.[(2)]

Despite continuing growth and strong profitability, cable's lack of investment in program production is startling compared to other sectors of the private broadcasting complex. For example, gross revenue in fiscal 1975 is estimated by the CRTC as follows:

	1975 Gross Revenue	% of Total Private Sector Revenue	% Of Revenue Spent On Programming	
Private Television	$228 million	38%	32.0%	
Private Radio	$209 million	35%	28.0%	
Cable	$161 million	27%	3.4%	
TOTAL	$598 million	100%		(3)

Using the total private sector broadcasting revenue as a base ($598 million), and extrapolating from the production percentage for each industry, we find that 23% of the total of private revenue was spent on programming. Of this, 12% came from private television; 10% from radio; less than 1% from cable.

Though cable television has not had a significant impact on Canadian program production, it has had a well-documented impact on Canadian television viewing. The CRTC estimated in 1975 that "there has been a loss of 6% in the viewing hours of Canadian stations." In his study on the independent production industry, Edmunds noted the following examples of audience fragmentation gathered by David Stanton:

> [In 1972] An independent Victoria study discovers that, with cable penetration at 81%, U.S. stations have 71% of the viewing audience.
>
> [In 1974] With cable penetration risen from 25% to 64% since 1970, local TV stations in Toronto report a drop in overall Nielsen ratings from 64% in 1970 to 55%. With 76% of viewers cable subscribers, CHAN-TV reports a 31% decrease in audience share. CFRN-TV in Edmonton reports a 39% drop in overall ratings with cable penetration at only 34%.
>
> [In 1975] The two Vancouver TV stations, CBU[*sic*] and CHAN, report their combined overall Nielsen has dropped from 71% in 1961 when cable subscription was negligible to 43%, now that cable subscription is up to 80% of viewers.

Edmunds concluded: "<u>Cable has meant an increase of viewing of U.S. stations at the expense of Canadian stations</u>."(4) (emphasis in the original)

"I'M NOT ENTHUSIASTIC ABOUT RUSHING INTO PAY-TV SIMPLY BECAUSE THERE'S MONEY TO BE MADE THERE. IT REALLY HAS TO BE ASSESSED IN TERMS OF WHAT IT WILL DO TO THE STRUCTURE OF TELEVISION IN THE COUNTRY WHICH IS IN A VERY DIFFICULT SITUATION."

HON. JOHN ROBERTS
SECRETARY OF STATE
TORONTO STAR
SEPTEMBER 20, 1976

The CRTC Canadian content regulations for Canadian stations have not been able to cope with the problem because each new Canadian station adds to the frequency of American programming options. In 1970, Brian Stewart studied three markets (Charlottetown with one channel, Halifax with two, and Toronto with many) for U.S. programming availability and discovered:

> ...in moving from a one-station to a six-station area, there is a steady increase in the number of Canadian programs available (from 34 half-hour programs to 67), but a dramatic decrease in the percentage of Canadian programming available (from 60% Canadian programming in Charlottetown to 20% in Toronto). (5)

In sum, the Canadian cable industry has grown dramatically because it has offered easy access to American television stations. This increases the number of U.S. programs available and increases the convenience of different viewing times for certain programs. The primary beneficiaries of this phenomenon have been the U.S. border stations and the Canadian cable industry (C-58 not considered).

The secondary beneficiaries have been the independent UHF Canadian television stations (which usually increase the variety of American programming). In November, 1974, Global had 2.4% of the total off-air viewing audience in Toronto while it had 5.5% of the total cable audience (68.6% of all TV viewing was via cable); TV-Ontario had 0.7% of the off-air audience and 1.7% of the cable audience; CITY-TV was watched by 1.7% of off-air viewers and 4.9% of cable viewers.(6)

However, any increase in viewers of Canadian UHF stations is more than offset by a large decline in CBC viewers. The Toronto CBC off-air audience went from 23% in 1968 to 18.6% in 1974 and the cable audience watching CBC fell from 21.2% in 1968 to 14.9% in 1974. From a cultural standpoint, this is especially distressing because CBC is the only commercial station with substantial Canadian content in prime time.

Cable has not made a significant contribution to program production while it has been the means of fragmenting the broadcasters' audience

- especially the CBC audience. Some companies are more conscientious about their community programming than others are, but the programming of Videotron in Quebec highlights the wasteland in most other quarters. Pay-TV, or subscription TV, is an opportunity for the cable industry to support Canadian program production - perhaps the only realistic opportunity.

Earning Potential Of Canadian Pay-Cable

Several cursory studies have been done by investment houses on the profit potential of Pay-TV for Canadian cable companies. Their concept of Pay-TV has been defined by the American experience, that is an $8/month movie channel.

Dent Pigott's analysis for Burns Fry Ltd. acknowledged the many problems Pay-TV is experiencing in the U.S.

> Pay T.V. has not been a resounding success to date. Part of the reason has been the limited penetration of basic cable. Also, start-up costs of Pay T.V. have been especially high. Satellite and microwave transmission equipment costs and marketing costs are still very large on a cost per viewer basis. Therefore, the distributors are still struggling to break even. Local cable operators likewise have encountered unexpected problems. While Pay T.V. has helped the local operator to sell his basic product, the new buyer is much more sensitive to program content, quality and service. Disconnections have been much higher with Pay T.V. customers, some systems reporting turnover rates as high as 25% or 30% per year. Security and bad debts are also more serious, no doubt related to the higher price paid for basic plus Pay T.V. (7)

However, Pay-TV has been a factor in improving low basic cable penetration.

Pigott developed two theoretical models on the economic possibilities for Canadian "Pay-Cable" using the following assumptions:

1) The operation of a *laissez-faire* market except for 15% of gross revenue to Canadian producers under presumed CRTC rules.

2) Revenue of $96/year ($8/month) for a 100,000 subscriber cable system with a $60 scrambler plus $20 connection cost written off in Year 1. 10% interest and 10% declining balance depreciation are assumed.

3) Programming expenses of 40% of gross revenue with 30% penetration and 30% programming cost at 50% penetration.

30% PENETRATION

	YEAR I	YEAR IV
REVENUE	$ 96.00	$ 96.00
EXPENSES		
Start-up	20.00	--
Commission	12.00	--
Marketing	10.00	2.00
Programming	50.00	38.00
Fees	14.00	14.00
Interest	7.00	3.00
Depreciation	6.00	4.00
General	8.00	8.00
	$127.00	$ 69.00
PRE-TAX PROFIT PER PAY SUBSCRIBER	-31.00	+27.00
AFTER-TAX (50%) PER PAY SUBSCRIBER	-15.50	+13.50

If a $10 net after tax return per basic subscriber is imputed for basic cable, the impact of Pay T.V. spread over 100,000 subscribers is an additional $4.35 or 43.5% increase. (8)

50% PENETRATION

	YEAR I	YEAR IV
REVENUE	$ 96.00	$ 96.00
EXPENSES		
Start-up	20.00	--
Commission	12.00	--
Marketing	6.00	1.50
Programming	45.00	30.00
Fees	14.00	14.00
Interest	7.00	2.50
Depreciation	6.00	4.00
General	8.00	8.00
	$118.00	$ 60.00
PRE-TAX PROFIT PER PAY SUBSCRIBER	-22.00	+36.00
AFTER-TAX PROFIT PER PAY SUBSCRIBER	-11.00	+18.00

If a $10 net after tax return per basic subscriber is imputed for basic cable, the impact of Pay T.V. spread over 100,000 subscribers is an additional $9.00 or a 90% increase. (9)

If a 100,000 subscriber cable system can look forward to a profit increase of 43.5% at 30% Pay-TV penetration, then the determination of the cable industry to control Pay-TV through their own network is understandable. Even if the cable industry is reduced to the role of a "common carrier" leasing a channel to Pay-TV, they still benefit. Here is Pigott's analysis of the returns from that scenario:

> Moreover, if in fact the ownership of the Pay distribution company is divorced from both the cable and broadcasting interests and vested in some quasi-public vehicle, then the potential returns would shrink dramatically. Under such a situation, the cable systems would be remunerated on a fair and equitable

> basis for channel leasing and account servicing, with incremental earnings in a lower range of maybe a couple of dollars per subscriber, net. This might represent a 15% to 25% rise in overall revenues on existing earnings. (10)

The Burns Fry analysis of the profits to be returned to the cable industry under almost any set of assumptions or circumstances, including public network control of Pay-TV, are supported by other analyses. The profit potential for the cable industry was estimated by Dominion Securities Harris this way:

> The cable industry will play a major role in pay television although the specifics still have to be worked out. Based on our assumptions, we believe that pay television will represent a good "add on" opportunity for the cable industry. It may represent an incremental profit opportunity of 20% to 30% of urban cable companies' current earnings. However, we believe potential profits from Pay may be two to four years away. (11)

A final word from Burns Fry underscores the fact that Pay-TV will be profitable to cable companies whether they are relegated to the role of common carrier or not, as long as the service is delivered by cable, and it most likely will be.

> Pay T.V. represents one of many technological advances which will change the features of the broadcasting system in this country. The Government is adamant that any changes should benefit the country as a whole and therefore it will not allow Pay T.V. to develop outside the parameters of the Broadcasters Act *(sic)* which charges the C.R.T.C. to protect the existing off-air broadcasters as well as to enrich (and Canadianize) the cultural fabric of the land.
>
> Consequently, we anticipate regulations which will mitigate expected broadcast revenue erosion, separate the program and delivery aspects of Pay T.V. and finally introduce the public interest via some broad form of equity participation. The cable companies emerge as net beneficiaries from the development of Pay T.V. even under the gloomiest set of assumptions, although their potential gains will be substantially diluted. The Broadcasters, without being able to offer a new service, come out on the losing side. However, we are convinced that the Government will undertake some form of indirect payment scheme in order to prevent the impact of Pay T.V. from becoming too critical to the broadcasting industry. (12)

Summary

Since the only economically proven means of Pay-TV distribution is via cable, whether piggy-backed onto an existing basic cable service or not, it is unlikely that Canadian Pay-TV will be delivered by any other means. The existing cable network can reach 70% of Canadian homes at present which adds immensely to the advantage of cable distribution.

The cable industry has experienced tremendous growth (3 million current subscribers) and is financially healthy. 1975 cable revenues were $161 million giving the industry an average 22% pre-tax profit. However this growth has been at the expense of the Canadian broadcasting system (through fragmentation of the Canadian viewing audience) and the Canadian production industry (only 3.4% of cable revenues have been invested in Canadian program production).

If cable companies are allowed to control Pay-TV then it will no doubt be a further economic bonanza for them, at the further expense of Canadian broadcasting and production, and cable will be the chief financial beneficiary. If the cable companies are required to service Pay-TV as a common carrier, and paid a small percentage of revenue, it will still be an economic benefit as Pay-TV service makes their program package more interesting to non-cable subscribers.

Thus cable, employed as a common carrier for Pay-TV, will be one of its economic beneficiaries, but not its major beneficiary. The only foreseeable economic negative for the cable industry is a universal mandatory system which does not include a fee increase to the subscriber, and does not compensate cable companies for the common carrier service.

"OUR ENEMY IS IMPORTED PRODUCTION. DON'T LET THE CABLE OPERATORS TAKE ANOTHER OPPORTUNITY AWAY FROM US. THE ASSOCIATION I REPRESENT (CFTA) WANTS THE CHANCE TO GET OUR PROGRAMS ON THE AIR. IT'S OUR LAST CHANCE."

PETER HOLLIDGE
CANADIAN FILM AND TELEVISION ASSOCIATION
TORONTO STAR
AUGUST 20, 1976

IMPACT OF PAY-TV ON THE PROGRAM PRODUCTION INDUSTRY

The structure of a Pay-TV system in Canada will determine its impact on the production industry. If Pay-TV is properly structured (by that we mean, first and foremost, a system predicated on a strong Canadian program presence and directing the maximum amount of revenue back to program production) on introduction to Canada it will be a tremendous boon to Canadian producers, as any medium which consumes programming should be. Improperly structured, Pay-TV will be prone to repeat the traditional syndrome - lack of audience access and a reasonable rate of return - which has plagued Canadian producers in the theatrical and television systems.

It should be emphasized that access and revenue return are equally important. There is no point in assuring high levels of Canadian content hours on a system without also assuring high levels of production funding. Canadian television demonstrates this catch-22: too little money spread over too many hours. To assure quality production, Canadian content should reflect production dollars available as well as air time available.

Canada does not have a healthy production industry nor any reasonable distribution for product. The present situation in theatres, and in the vertically integrated television networks, is not supportive of the independent production industry, and it is the least developed part of our communication system. Access, and a reasonable return, are prerequisite to the viability of that industry and both are in short supply. The financial base of the television system is smaller than it should be and the system is pressured to provide American programming. The theatrical system is financially healthy but operates independent of Canadian production.

This situation overshadows all considerations of Pay-TV in Canada and is a primary reason why the U.S. Pay-TV experience is inapplicable in Canada. There Pay-TV is a means to help the already healthy production industry earn additional revenue by providing an extra link in the distribution chain for already well-distributed products.

Unlike the U.S. a primary objective of Pay-TV in Canada must be the financing and distribution of Canadian programs. If Pay-TV in Canada can do this on a major scale, it should be introduced. If it cannot it is not a valid concept for Canada and should not be introduced.

Those may seem stern criteria but it depends on how we perceive our national priorities. If they include putting our communication systems to work for us, and reducing American product dependence, they make sense. No matter what the technological innovations of the future, the only real defence against over-importing foreign market is a healthy, competitive production industry on a sound financial base. Only such an industry can help recover our movie houses and our prime-time television, or occupy our media of the future. Only Pay-TV is left to undertake the development and funding of that industry - a responsibility abdicated or neglected by existing distribution systems.

The Present State of the Independent Production Industry

There has been no lack of theoretical support for the Canadian production industry. The CRTC has made it almost an article of faith that the independent production industry should be supported; the CFDC presumably exists solely for the purpose. But the practical reality remains that the industry is starved.

The Tompkins Report, prepared for the Department of the Secretary of State by the Bureau of Management Consulting in 1976, catalogued the industry's problems. Among their findings:

- The present systems both of production and distribution are not open to the independent production industry.
- Domestic outlets for production are limited.
- Distribution, save television, is foreign controlled and does not use its revenues to support production.
- The vertically integrated television networks, as well as the government production agencies (CBC, NFB) are geared to in-house production, force the independent producers into competition with them, and are largely hostile to them.

- The economic reality in Canada is that it's cheaper to import than produce and even the CBC has adopted the commercial objective of producing audiences, not programs.
- There are 150 core film producing units in Canada, almost all of which have to diversify production to sustain themselves.
- Only a few have an annual output in excess of $1 million.
- English production is weaker than French: 40% of all production is done in Quebec though it has only 28% of the population.
- CBC and NFB are not supportive of the independent producer. Between them these two agencies account for 55% of total film and videotape production expenditure but CBC commissions only 6% of its expenditure from independents; NFB has pricing policies which distort the market price structure and handicap independents.
- Sources of working capital - investors and banks - are not readily available.
- Canadian creative and technical talent tends to leave Canada for the U.S. as a result of the situation.
- The independent production industry is 50% underutilized.
- Total 1975 volume of film production in Canada was between $150 million and $213 million.

The Edmunds Report (A Study of the Independent Production Industry) produced for the Department of Communications, also in 1976, came to similar conclusions.

> "The situation right now is so unpromising that it lacks a minimal stability necessary to put forth sustained professional programs... We feel that the industry is necessary and needs help... It is our feeling that some rather drastic and possibly revolutionary policy directions need to be taken..." (1)

Where is the CFDC in all of this? Close to 200 features have been produced with CFDC assistance (totalling approximately $20 million) since 1968. Average annual feature production is up from 6 in 1968 to 15-20 today. [2] However quality and quantity over that period has been erratic; television and theatrical distribution for most of the films has been inadequate and financial returns dismal. Tompkins reports that the CFDC considers 57% of its investment a write-off. [3] Worse yet, the impact of this production hasn't been felt by the Canadian audience.

Much -too much -of CFDC and other Government support for features has gone to essentially non-Canadian films. This situation has become most apparent this year in the results of co-production films made with European countries where Canadian creative input has been, at best, minimal. The reason is evident in a cursory examination of the theatrical system in Canada:

- 96% of films in our theatres are foreign. (4)
- Canada's $220 million plus annual box office makes us Hollywood's largest foreign customer. (5)
- Over 90% of all theatrical film rentals in Canada are paid to seven American distributors. (6)
- Less than 1% of our $220 million plus box office is reinvested in Canadian production. (7)

Industry Capacity

Given this hereditary neglect, the first question which arises about Pay-TV is the capacity of the Canadian industry to meet Pay-TV production requirements, both in terms of quantity and in terms of quality.

Tompkins and Edmunds have both pointed out that the technical and plant capacity exists but is drastically underutilized. As for quality, the best way for an industry to overcome problems of quality is to produce quantity. Continuity of production is a key factor in maintaining the talent pool on which quality depends. Without the industrial base denied the industry by the television and theatrical systems, quality is difficult.

Edmunds stated in his Study of the Independent Production Industry:

> "There is no question that the capability exists in Canada to produce professional film in all its technical aspects... Canada seems to be extraordinarily well off in terms of production capability with the necessary plant, equipment and technical expertise. What is lacking is the volume of money to upgrade the software that these facilities could produce." (8)

Quoted in that same report is a letter from Pat Ferns of Neilson-Ferns/ Intervideo Incorporated:

"UNTIL WE MAKE UP OUR MINDS THAT WE ARE GOING TO DO SOMETHING TO DELIVER OURSELVES FROM THE CONTROL OF THE MOVING PICTURE INDUSTRY EXERCISED BY A SINGLE GROUP OF PEOPLE IN THE U.S. THROUGH THEIR OWNERSHIP OF NUMEROUS THEATRES AND TO PROTECT THE DRAW ON AMERICAN DOLLARS, WE SHALL NOT HAVE ACCOMPLISHED MUCH."

M. J. COLDWELL
1948

"The problem independent production houses face is the problem of maintaining quality without sufficient volume in the Canadian market alone to enable us to retain staff on a continuous basis." (9)

While there are bottlenecks in certain occupations, the calibre of Canadian talent and facilities is surprisingly high given the uncertainties of the industry. For example, Norman Jewison had his production manager survey the technical facilities in Toronto. The report was top quality hardware and technicians in all save one category. Everything else was rated world class.

The proof of Canada's creative talent is the rate and success with which we have exported it. From Mary Pickford to Lorne Michaels (Saturday Night Live), Canadian talent has fuelled Hollywood and New York production. Norman Jewison claimed on CBC last year that 40% of the creative talent at the three U.S. networks was Canadian when he emigrated in 1962.

We subscribe to the theory that there is no such thing as a production problem, either in terms of quality or quantity. There is only a money problem. If there were a constant stream of big budget Canadian productions being made in this country, then the talent - especially expatriate - would be here to work and Canada would be a net importer to talent and exporter of finished films - reversing our historic role.

Pay-TV could become a catalyst for developing the critical production mass which has not yet happened, and providing continuity of production.

The only possible caveat to the many benefits that a new source of production money, such as Pay-TV, would have, is that it may not be new money. In other words it is possible that subscriber spending on Pay-TV may mean a decline in entertainment spending in another medium. If Pay-TV is basically a Canadian content medium, then such a transfer may be a net benefit, *i.e.* if dollars are drained from theatres, for example, which do not support Canadian production any more than cable television does. Commercial theatres in Canada, in fact, support production less than the cable television industry on a dollar basis: less than 1% of the theatrical box office earned in Canada is reinvested in Canadian production, compared to 3.4% of cable revenue.

If Pay-TV is not basically Canadian, then a potential drain from other markets may hurt Canadian production, for instance if broadcasting loses production money. The U.S. Department of Commerce statistics suggest the existence of finite limits to entertainment or information spending. They indicate that between 1929 and 1968 consumer spending on all media such as newspapers, books, radio, TV, movies, etc., has remained relatively constant at 3.04% of total consumer spending. (10)

In Canada, recreational spending was 3.9% of total income in 1974. (11) This excludes reading and education. While this evidence is hardly conclusive, it underlines the importance that should be attached to making Pay-TV support Canadian production. Pay-TV may be draining revenue from another program market such as marginal theatres, or television stations, or live concerts. It would probably take years for this impact on other markets to become apparent. However, the actual attraction of Pay-TV is that it may support Canadian production which is not supported in other markets. For example, a universal Pay-TV system might be able to pay $30,000 for a half hour, while the CBC can afford to pay only $3,500 for an outside half hour production.

Summary

The Canadian production industry is underfinanced and underutilized. It has the creative and technical capacity to produce quality programming but it suffers from lack of a strong economic base to sustain continuity of production.

Pay-TV's impact on program production depends entirely on the nature of the Pay-TV system - especially its program policy, the ratio of hardware/ software investment, and the percentage return to Canadian production. It is possible to design a Pay-TV system that has sophisticated technology plus unlimited foreign access which will hurt Canadian program production without offsetting compensation in the Pay-TV market.

It is also possible to design a Pay-TV system without any special technology and a very high Canadian content program policy. Such a system could alter

the dismal economics of Canadian program production. Pay-TV must add many tens of millions of dollars to program production annually if it is to make a serious difference to the underfinanced production industry.

CCFM INDUSTRY SURVEY ON PAY-TV

During August and September 1976, 22 individuals in the English Canadian film industry were interviewed by telephone on the subject of Pay-TV. The interviewees represent all sectors of the industry: broadcasters; producers; labs; distributors; and exhibitors in both feature and non-feature film.

Of the 22 individuals contacted 3 declined to be interviewed about Pay-TV at the time (George Destounis of Famous Players; Ken Rosenberg of the CFDC; Murray Chercover of CTV).

Of the nineteen interviews completed, seventeen were done by phone and two were conducted in person with Pat Ferns and Richard Nielson of Nielson-Ferns, and with Bill Watchorne and Roy McGarry of the Toronto Star's Corporate Development department.

Interviewees

Labs	Findlay Quinn, president, Quinn Labs Douglas MacDonald, president, Film House Harold Greenberg, president, Bellevue-Pathe
Producers	Norman Sedawie, president, Tel-Pro Entertainments Inc. Richard Nielson, president, & Pat Ferns, vice-president, Nielson-Ferns Ltd. John Ross, president, Robert Lawrence Productions Pen Densham, president, Insight Productions Ralph Thomas, producer, CBC TV Drama
Broadcasters	Jack Craine, director TV Programming, CBC, ESD Don MacPherson, vice-president & general manager, CBC, ESD Murray Chercover, president, CTV David Walker, executive director, OECA
Distributors	Robert Lightstone, general manager, Paramount Pictures Corp (Canada)Ltd. Martin Bochner, president, Saguenay Films Ltd. Mickey Stevenson, president, Astral Films Ltd. Ken Rosenberg, distribution manager Toronto CFDC
Exhibitors	George Destounis, president, Famous Players Ltd. Paul Morton, president, Odeon-Morton Theatres Barry Allen, president, Premier Operating
Other	Roy McGarry, vice-president, Corporate Development & Bill Watchorne, manager, Corporate Development, Toronto Star

CCFM PAY-TV OPINION SURVEY QUESTIONNAIRE

1. Do you agree with the Tompkins Report estimate that the production industry is 50% underutilized?

2. Do you consider that the prospects are good for Pay-TV in Canada?

3. Can the Canadian industry supply Pay-TV?

4. Could Pay-TV become a major supporter of Canadian film production?

5. Is the sum of $13 million, projected to be Pay-TV's contribution to Canadian production, a significant sum?

6. Are you in favour of Pay-TV being introduced into Canada?

7. Do you think that its impact on other markets (commercial television, movie theatres, other) will be a problem?

8. Are you in favour of the cable companies' proposal to operate and program a Pay-TV network, paying 15% of gross revenues to Canadian production but relying mostly on imported U.S. feature films for its programming?

9. Are you in favour of the Pearson proposal to run a Pay-TV network using a common carrier delivery system (the pay channel being mandatory on cable systems) with 100% Canadian content on a pay-per-program basis?

10. Are you in favour of a pay-per-program system?

CCFM Pay-TV Survey

Response Graph

Respondents	1	2	3	4	5	6	7	8	9	10
Quinn	y	x	y	y	y	y	y	x	y	y
MacDonald	y	y	x	y	y	y		x	x	x
Greenberg	y	y	x	y	y	y	y	y	x	x
Sedawie	y	y	x	y	y	y	y	y	x	x
Ferns/Nielson	y	y	x	y	x	y	y	x	x	y
Ross	y	x	y	y	y	y	y	x	y	y
Densham	y	y	y	y	x	y	y	x	y	y
Thomas	y					x	x	x	x	
Craine		x	?	?		x	x			y
MacPherson	y	x	?	?	y	x	x	x	y	y
Chercover	-	-	-	-	-	-	-	-	-	-
Walker	y	x	y	?	y	y	x	x	y	y
Lightstone		x		?			y			
Bochner		x	y	y	x	?	x	x	y	y
Stevenson		x	x	y	y	y	y	y	x	x
Rosenberg	-	-	-	-	-	-	-	-	-	-
Destounis	-	-	-	-	-	-	-	-	-	-
Morton		x	?	?		?	x	x	y	y
Allen		x	?	?		?	x	x	x	y
McGarry/ Watchorne		y	x	y		y	y	y	x	x

CODE: Agree - y
Disagree - x
Uncertain - ?

CCFM Pay-TV Survey

Summary of Response

1. Do you agree with the Tompkins Report estimate that the production industry is 50% underutilized?

Responding:	10
Agree:	10
Disagree:	0

Everyone asked agreed that there is a severe shortage of work available to the film production industry, and that Canada has the capacity to produce a great deal more. Two respondents noted that neither CBC nor NFB has encouraged independent production.

2. Do you consider that the prospects are good for Pay-TV in Canada?

Responding:	16
Agree:	6
Disagree:	10

Most responding to this question were uncertain about the prospects for Pay-TV and all qualified their answers. It was generally perceived that the success of Pay-TV will depend on the way it is introduced (the structure, technology and programming adopted). At the same time interviewees were aware of too many unknown factors to be decisive in their opinions. However, six individuals were positive about its future. Nielson & Ferns and Watchorne see Pay-TV providing the additional money for them to go into features with bigger budgets which will be geared to an export market. Greenberg also sees it as an important new source of investment funds. But while these four predicate the success of Pay-TV on the popularity of foreign product, Ross and Densham see Pay-TV's potential in the access it will provide to the Canadian public and to Canadian films. They believe this additional domestic economic base could well improve the export market for Canadian films.

3. Can the Canadian industry supply Pay-TV?

Responding:	15
Agree:	5
Disagree:	6
Uncertain:	4

Two lab owners (MacDonald and Greenberg) were emphatic that Canadian production cannot supply Pay-TV. Quinn was equally convinced that it can supply whatever is needed. Of those siding with Quinn's opinion, Bochner points out that for Canadian film to supply Pay-TV, air-time will have to be guaranteed by regulation; Ross sees a quota and a per-program system as necessary to provide Canadian producers with the incentive to increase production; Densham sees Pay-TV as a long term proposition which, after 5 years (once the experimentation and mistakes are completed and an economic rationale worked out, based on co-productions within Canada and a strong export market) could well be supplied by Canadian production.

Stevenson and Sedawie both consider that there is insufficient supply in Canada and that the production industry lacks the resources to produce either enough quantity or quality to fill Pay-TV. Stevenson and Watchorne point out that for Pay-TV to benefit the Canadian production industry it first must succeed where it counts - with the audience. In their opinion Pay-TV has to start out with top quality programming (mainly U.S.) aiming at the largest possible market as soon as possible.

Walker points out that until we know the demographics of the audience that it is difficult to devise a service for it.

4. Could Pay-TV become a major supporter of Canadian film production?

Responding:	16
Agree:	10
Uncertain:	6

Producers, lab owners and the two distributors responding agreed that if Pay-TV were introduced in Canada it could become a major supporter of Canadian film production. Obviously the Toronto Star's Corporate Development department also agrees. The broadcasters were reserved in their judgements of Pay-TV's potential in this area. Both the CBC and OECA take the suggestion that they become incolved in production for Pay-TV as a violation of their concept of free public television. Macpherson was categorical on the subject.

The representative of the theatre owners and Paramount Pictures were generally vague about Pay-TV and its effects in Canada. Lightstone would only say that he is certainly in favour of Pay-TV if it helps Canadian production, adding that as a distributor he doesn't care where films come from.

By contrast Barry Allen's uncertainty about Pay-TV's importance to Canadian production stemmed from a lack of faith in any form of Pay-TV helping the industry or any money making its way out of the system and into production: "The 15% is pie in the sky".

5. Is the sum of $13 million, projected to be Pay-TV's contribution to Canadian production, a significant sum?

Responding:	11
Agree:	8
Disagree:	3

There was a marked difference of opinion as to the significance of the $13 million. The three lab owners were unanimous that it would have an impact on production. Greenberg emphasized its importance as a lever on other funds; Watchorne concurred pointing out that it would be worth considerably more than $13 million in tax terms - more like $45 million.

Nielson & Ferns and Ross did not feel that \$13 million was significant in itself. Ross cited \$30 - \$40 million as significant sums and pointed out that the \$13 million is still only a theory on paper. Nielson & Ferns are basically seeing Pay-TV as an additional source (supplementary source) of funds. Bochner, who also considers that \$13 million will make little difference, pointed out that the Pay-TV system will likely have a marginal benefit for distributors. Will the foreign product be imported through Canadian distributors? If not there is a strong possibility that while we are waiting for the \$13 million to be turned into Canadian pictures, Canadian distributors will be going out of business.

General comments about a Pay-TV system that would generate a Canadian production fund: there was doubt expressed on three counts. (1) That in practice there would be little money forthcoming as Pay-TV has yet to be proven to be profitable, let alone to be a pot of gold. People are talking as if the \$13 million already exists, whereas in fact the success of Pay-TV cannot be guaranteed. (2) Even if \$13 million is released for Canadian production it will buy very few films, which will be a drop in the tidal wave of U.S. product flowing over Pay-TV. (3) That another fund administered by another bureaucracy will be whittled away into nothingness.

6. Are you in favour of Pay-TV being introduced into Canada?

Responding:	16
Agree:	10
Disagree:	3
Uncertain:	3

Sedawie and Watchorne were the only respondents unreservedly in favour of Pay-TV, and both expressed concern that it be introduced quickly so that Canada will not miss its golden opportunity to lead the production field. Nielson & Ferns were not adamant about the timing. The lab owners felt that Pay-TV is a good idea; Quinn sees it as an opportunity for Canadian production; MacDonald as an increased opportunity for co-production with the U.S. if regulations are eased (i.e., the Capital Cost Allowance Definition of Canadian); and Greenberg as a good opportunity for extending the reach of films beyond theatrical release and a boost for Canadian production. Ross and Densham tended to see Pay-TV as benefiting Canadian production eventually. Walker referred to Jean McNulty's projection that Pay-TV would attract only 500,000 not 2 million but assessed the prospects for a Pay-TV system along Pearson's lines as good.

Of those opposed, the CBC's position doesn't accept the inevitability of Pay-TV If the objective of Canadian television is to increase Canadian audience for Canadian programs, any change must contribute to this...it being very difficult to see how Pay-TV will do this. Ralph Thomas was personally opposed to the idea of Pay-TV on two grounds: that it will not be universal in its application (availabilty) and that it will be a divisive force in an already disintegrated industry (luring producers away from the CBC, dividing producers who are interested in getting a part of the \$13 million against those who will be hurt by its introduction...etc.)

Morton, Bochner and Allen neither support Pay-TV nor oppose it. Morton takes a *laissez-faire* approach which may be dictated by his several conflicts of interest. Bochner isn't crazy about the idea but would support Pay-TV if it were strongly regulated. Allen also has several reservations about it and, from his involvement with the Thompson, Manitoba system, judges the prospects to be poor.

7. Do you think that its impact on other markets (commercial television, movie theatres, other) will be a problem?

Responding:	16
Agree:	9
Disagree:	7

There was a variety of opinion regarding the impact Pay-TV would have on other markets, program siphoning and audience fragmentation being of chief concern. The majority, however, felt that its effect would either be mitigated by regulation, or otherwise that the changes were natural, (that television is already changing, turning more and more to sitcoms, serials, documentaries and public affairs, leaving slack in movies and sports to be taken up by specialized, premiere programming Pay-TV).

Morton (who nevertheless sees a problem with television audience fragmentation), Lightstone and Stevenson soft-peddled the impact on theatres, but Bochner points out that there will probably be an adverse effect on the independent Canadian theatres while the foreign-owned downtown theatres will go unscathed.

8. Are you in favour of the cable companies' proposal to operate and program a Pay-TV network, paying 15% of gross revenues to Canadian production but relying mostly on imported U.S. feature films for its programming?

9. Are you in favour of the Pearson proposal to run a Pay-TV network using a common carrier delivery system (the pay channel being mandatory on cable systems) with 100% Canadian content on a pay-per-program basis?

Responding: 15	Agree	Disagree	Uncertain
Cable	4	11	
Pearson	7	8	

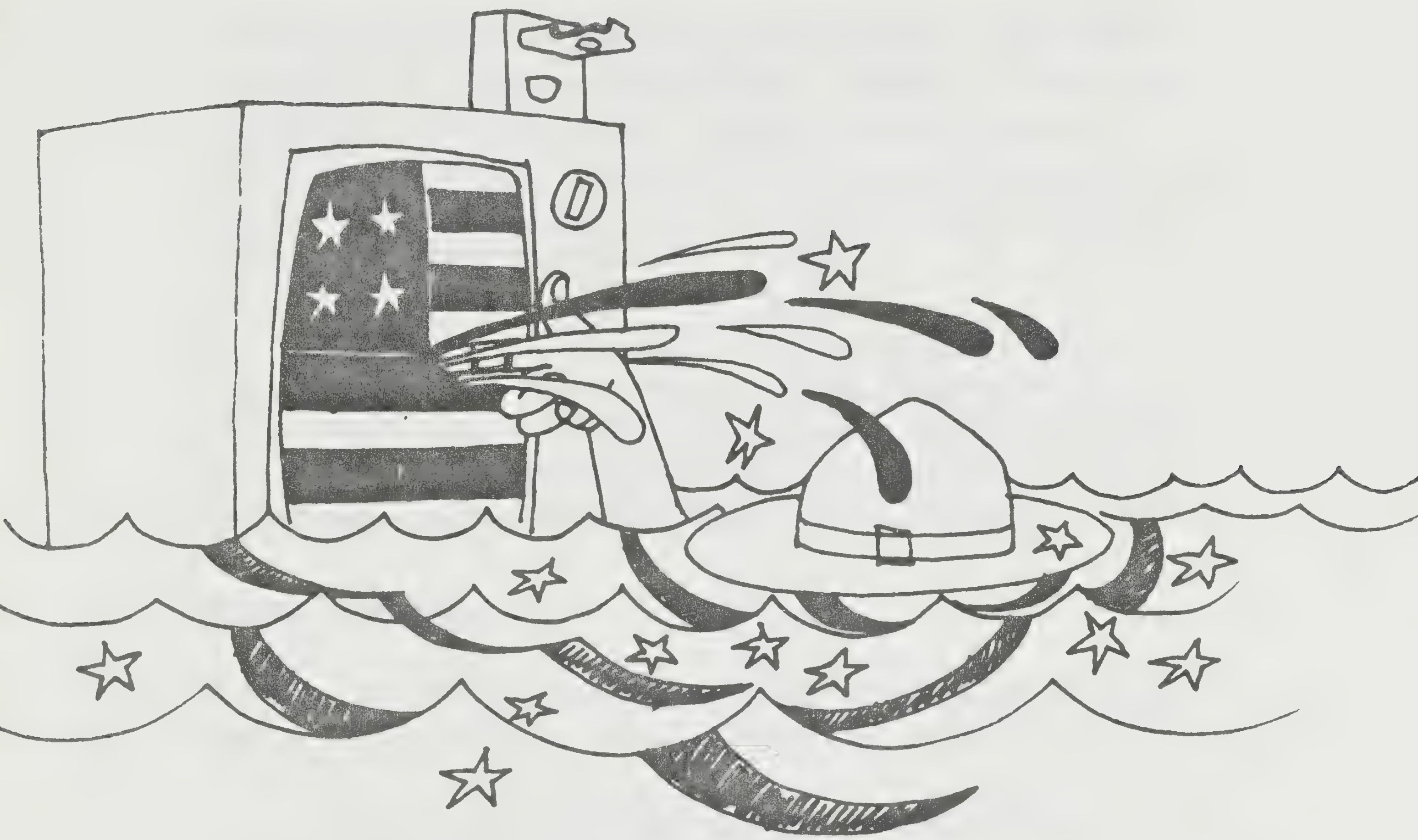
No one completely supports the cable proposal. The four listed as favouring it see it mainly as the better of two evils. Sedawie (the best proposal so far); Greenberg (sympathizes with the Pearson approach but ... Pay-TV has to rely on U.S. films); Stevenson (100% Canadian content can't sell Pay-TV); Watchorne (Pay-TV shouldn't be in the hands of the cable companies, though it must be private enterprise; cable companies are the only ones on the scene who would have the economic interest to make it work. With no programming expertise they will have to acquire it.).

There was on the contrary strong support for the Pearson proposal. The problems with it concerned scheduling (a major obstacle to Walker); administration (a nightmare to Macpherson); technology (which was holding per-program systems back);and audience demand. Nielson & Ferns and Allen felt the 100% Canadian content to be unrealistic (Nielson opposed to any quota on foreign films) but did not opt for the cable proposal. MacDonald was the only one violently opposed to the Pearson proposal and did not opt for the cable proposal either.

10. Are you in favour of a pay-per-program system?

Responding:	15
Agree:	10
Disagree:	5

In addition to the above, several individuals expressed opinions about the programming for Pay-TV. Greenberg, in agreeing that HBO in the U.S. does not offer a balanced menu of programming, opined that Pay-TV in Canada would likely be more diversified. However, the service would have to rely on foreign product, including films, filmed plays, special entertainments, ballet etc. Sedawie pointed out that Pay-TV is not necessarily a film medium, that it has been so in the U.S. because that is the product available. He sees the future for Pay-TV as being with electronic media - videodisc, videotape, which cost about one-half as much as film. He also mentioned 'how-to' programmes as likely to be popular on Pay-TV. Nielson & Ferns' opinion was that Pay-TV would have the capacity to relate to significant minorities AND majorities; that the programming would run the gamut covering variety shows, movies for TV, major documentaries and features using the same actors in a number of separate films but not as a series *per se*. Ross pointed out that Pay-TV should be made available to all kinds of activities (eg.adult education),also that serial films would not be appropriate. Densham also said that Pay-TV should be used for all kinds of programmes, and pointed out that the real question is - what will the public pay for. Bochner and Allen both made long arguments for using the performing arts on Pay-TV. The legitimate theatre which has recently had a rebirth in Canada is seen by such a tiny proportion of the population, and is too expensive for so many, that it would benefit enormously from exposure on Pay-TV. Not only would Pay-TV offer these theatres the chance to reduce their deficits, but they would widen their audience. Taxpayers who are contributing to the public subsidy would have a much better chance to see what their tax dollars are producing.



IMPACT OF PAY-TV ON PROGRAMMING

Lowest Common Denominator Programming

For economic reasons outlined above, North American television programming has been subjected to intense pressure to provide lowest common denominator mass appeal entertainment programming.

Two recent developments - cable and pay television - have presented opportunities to widen programming options. However, in both cases, the opportunity has been largely ignored. Cable has served as a utility to provide wider access to the existing programming and failed totally to make any programming contribution of its own. Videotron in Quebec is the exception which proves the rule.

Pay-TV, in both the U.S. and Canada, has to date largely limited itself to early delivery of motion pictures, changing the timing, but not the content, of television programming. Sports and some minority audience programs have been included in some systems, but they have not been substantial as the case studies in Section II illustrate.

American Programming

In Canada, a significant and increasing portion of our television programming is U.S. produced. This has had several effects:

- it has entrenched the American mass audience formula in the expectations of Canadian viewers.

- it has conditioned a preoccupation with violence and JPM's or "jolts per minute".

- it has blurred the distinctions of a multi-cultural mosaic of Canada into the American style melting pot of lowest common denominator programming.

- it has limited the amount of truly international programming available so the Canadian audience is unfamiliar with any but the American format.

- it has, by being cheap and available, made the Canadian production industry, economically uncompetitive, and it has alienated the mass audience from Canadian production which is less expensive and slower paced.

- it has imported values, myths, heroes and history of another country which serve to supplant our own.

Network Programming

Canadian television networks have not only imported American lowest common denominator programming to fill their air time, but they have also eliminated entire areas of production. Drama is a notable example. The private networks have produced literally no drama, and the CBC has dropped radically in quality and quantity from its original dramatic production of the '50's. Canadian news, public affairs and sports programming are relatively strong, but the entire spectrum of entertainment programming has been forfeited to foreign product.

Because the Canadian networks are vertically integrated and do in-house production, as well as distribution and exhibition, of most of our TV programming, they have effectively eliminated access for independent program producers, both private and public (NFB), and thus eliminated an important source of input for more original, non-formula programs. There has not emerged a distinctive style or form for Canadian television programming nor any original formats.

AUDIENCE VIEWING PATTERNS

There is evidence that this lowest common denominator programming is in fact, audience alienating (see Appendix B).

Audience preference is cited as a cause of this situation

but it has also been a result. Audience choice is limited to the choice available, and Canadian television has supplied few true alternatives. Brian Stewart of CBC audience research claimed at the CCFM Pay-TV seminar that Canadian audiences in fact will watch almost anything available and have not rejected Canadian programming.

25% of prime time scheduling on the two main English networks, CTV and CBC, is concurrent American programming leaving the Canadian viewer no alternative but to watch American programming in these periods.

Fall Schedule, 1976 for CBLT and CFTO in Toronto
Instances of Concurrent American Scheduling on both Networks

MONDAY	CBLT	CFTO
8 - 8.30	RHODA	WALTONS
8.30 - 9.00	PHYLLIS	WALTONS
9.30 - 10.00	ALL IN THE FAMILY	ONE DAY AT A TIME
TUESDAY	CBLT	CFTO
8 - 8.30	HAPPY DAYS	BIONIC WOMAN
9 - 9.30	M.A.S.H.	THE PRACTICE
WEDNESDAY	CBLT	CFTO
No concurrent American in hockey season		
THURSDAY	CBLT	CFTO
7.30 - 8.00	WELCOME BACK KOTTER	SANFORD AND SON
8 - 9.00	CAROL BURNETT	GEMINI MAN

FRIDAY	CBLT	CFTO
8.30 - 9.00	CHICO AND THE MAN	DONNY & MARIE
10.00 - 11.00	POLICE STORY	JOHNNY CASH

SATURDAY	CBLT	CFTO
7.30 - 8.00	ANDY	EMERGENCY

SUNDAY	CBLT	CFTO
8.30 - 9.00	TONY RANDALL	SONNY & CHER

After midnight, non-network scheduling on most CTV and CBC stations is concurrent American programming.

This totals 7 hours of prime time concurrent American programming on CBC and CTV in the total 28 hours (7-11 pm = 4 hrs. x 7 days = 28 hrs.) of prime time viewing weekly. Thus 25% or 1/4 of prime time viewing on the two major networks is without any Canadian alternative.

Individually, CTV carries Canadian programming for 5½ of the 28 prime time viewing hours weekly which equals 19%. CBC carries Canadian programming for 16 of the 28 prime time hours weekly which equals 56%.

VIOLENT PROGRAMS

The violence quotient of conventional television is a matter of increasing social concern both in the U.S. and Canada. In the competitive struggle to maximize viewers, networks outdo each other in providing jolts per minute (JPM's) to hold audience attention. Viewers are literally "hammered" with excitement, confrontation and violence, both verbal and physical, and all presented as normal. They are robbed of intellectual input or reflection on the basis that it takes time and "drags" the program. Thus conventional television provides a highly distorted view of reality. In Canada this non-real

"reality" of American formula programming is even further from our own experience as it reflects an essentially more violent and competitive society than our own. As many as 10 murders (and uncounted rapes, assaults and muggings) have been counted in one evening of network viewing. This distorts the reality of American society but it totally misrepresents Canadian society.

Testimony presented to the LaMarsh Commission on Violence in the Media has revealed that TV violence results in a strange and disturbing phenomena: it distorts the expectation of personal attack. An American study reported to the Commission found a positive correlation between fear of being personally attacked and amount of television viewed. But violence in Canadian media is a function of importing our media content. Canadian production has no history of focusing on violence. l'Office des Communications Sociales in Montreal annually rates movies from 23 countries on the basis of artistic value and lack of gratuitous sex and violence. In 1976, more than 50% of U.S. movies shown in Canada (131 of a total 229) were rated "mediocre" or "terrible". Less than 5% (1 of a total of 22) of Canadian films fell into these categories. The remaining 21 Canadian films were rated "good" or "average".

Pay-TV Programming

Programming for Pay-TV in Canada is yet to be determined. There are no conditioned formats, no expectations yet established. In that fact lies the promise and potential of Pay-TV in Canada.

The American experience of Pay-TV has defined its programming as primarily Hollywood movies. The Canadian cable industry appears to share this assumption; the Canadian audience as yet doesn't share it; the Canadian production industry rejects it.

Our research into the economics of Pay-TV leads us to believe that it is a medium capable of opening up many programming possibilities for this country which have been forsaken by conventional television including:

- A Platform for the Performing Arts in Canada

The performing arts in Canada have gained rapidly in public interest and attendance in the last 10 years although this has not been reflected in our media. They lack the access to the majority of Canadians outside the urban centres, and the expanded revenue which would result from such access. Pay-TV could provide them with both and, in the process, democraticize them from the semi-elitist position they now hold into a form of popular culture.

- Drama

The most notable lack of Canadian television production is high quality drama and series. Since the dramatic form is the most potent conveyor of social messages and mythology, lack of quality television drama is a major loss.

- Children's Programming

There is also a lack of indigenous children's programming or children's cinema. Such programming without the implicit violence, and advertising, of present TV, would also be a major program innovation. The Ontario Government Select Committee on Cultural and Economic Nationalism reported Canadian children identify with the FBI instead of the RCMP, thanks to television.

- Special Interest Programming

The economics of Pay-TV permit devotees of everything from tennis to chess to fly fishing to lever their interests onto the screen.

- National Film Board Productions

These enjoy larger audiences and more respect in Europe and the United States than in Canada, largely because they have not received adequate access to the television medium in Canada.

- Indigenous Live Theatre

Has grown from non-existence to a thriving cultural industry

in the last six years. It is spawning new and major playwrights, directors and actors, whose work is largely unrecognized outside major urban centres. There is difficulty in translating stage productions to the television screen but with sufficient funds it can be done as it has with Theatre of America.

- International Programming and Movies
  Movies and television programs produced outside North America have a very low profile on conventional television. In particular the product of Britain, Australia, France, Sweden, Italy and Germany is excellent and, with the exception of the last three, would not require dubbing. Such programming would legitimately contribute to broadening Canadian perspectives and provide alternative models against which to judge Canadian production.

- Classic, Foreign, Obscure, Cult, *etc.* Movies
  For the movie buffs who support the many review cinemas in major cities, but who are out of luck in indulging their interest anywhere else in the country.

- Cross Fertilization of Canada's Two Major Cultures
  The unavailability of the major productions, artists and movies of Quebec and English Canada to each other is a contributor to two solitudes. Pay-TV could provide dubbed or subtitled versions of each culture to the other.

It has never been decreed outside the boardrooms of CCTA and Hollywood that Pay-TV programming must be a duplication or extension of present formulas. Nor has it been decreed that Canada is obliged to build another communications highway to transport more foreign product while our own product is so conspicuous in its absence on our existing communications highways.

In order to justify its introduction in Canada, Pay-TV must function as a means of increased communication for Canadians. It must serve Canada and the Canadian Broadcasting System in a way that

"OBVIOUSLY (CANADA) IS A UNIQUE COUNTRY, BUT THE TEST OF IDENTITY IS WHAT IT DOES TOMORROW. IN THIS RESPECT FILM AND THE MEDIA CAN CONTRIBUTE MUCH MORE THAN THEY ARE PRESENTLY. DURING THE TWENTIES IN THE UNITED STATES, EVERYONE WAS ATTEMPTING TO CREATE THE NEW AMERICA......THE SAME THING OUGHT TO BE GOING ON HERE. CANADIAN FILMMAKERS SHOULD BE USING FILM TO PUT FORTH THE NEW CANADA."

JOHN GRIERSON
McGILL NEWS

conventional broadcasting has largely failed to do.

It can do this if its programming springs from a wider and more indigenous perspective, which will counter and enrich the prevailing program patterns.

Pay-TV on any other basis is an invalid concept for Canada.

THE AUTONOMY OF PAY PROGRAMMING

Pay-TV's ability to provide truly alternative original Canadian programming will depend on two factors:

- its independence of Hollywood movies as a staple product.
- its independence from private enterprise control and ensuing profit pressures to lowest common denominator programming.

The economics of Pay-TV, which permit smaller audiences to provide the same revenue as a larger audience on advertiser funded television, also permit audiences of the same size to generate vastly larger revenues on Pay-Television, particularly on Pay-Per-Program. Given the primary profit motive of private enterprise, Pay-TV controlled by the private sector would inevitably be subject to the mass appeal programming pressures which afflict conventional television, and the medium would be just another numbers game. U.S. Pay-TV systems have promised minority audience programming, but little has materialized.

Therefore, public control of Pay-TV, and open access to it for all producers of all kinds of programming, seem prerequisite to its programming autonomy and success.

Dependence on Hollywood movies is an equivalent threat to Canadian Pay-TV programming. Such dependence would extend Canadian audience identification with foreign movies, and retrieve for Hollywood the "lost" audience, which does not attend movies, (approximately 60% of the Canadian population), by delivering the Hollywood product

into their living rooms. Theeconomic pitfall of such dependence is the vulnerability it creates for Canadian Pay-TV, to be subjected to monopoly selling practices of the Hollywood studios as we now are in our theatres. Since passage of the Webb-Pomerane Act of 1918, such practices outside U.S. borders have been legal for U.S. companies and lethal for other theatrical markets, particularly our own.

At the present time the major Hollywood studios virtually control American Pay-TV, because they control the product on which it depends. They have been subsidizing U.S. systems by providing their movies at a low rate (average 1½¢ per subscriber per showing), while they waited to see if Pay-TV was viable. There are strong indications that the studios are about to arbitrarily raise those rates now that the systems are established. There is no reason to think the studios would not employ such tactics with the Canadian system. At that point, any system which is dependent on their product can be held to ransom and forced, in order to survive, to pay out funds earmarked for Canadian program production.

Summary

Canadian television is dominated by the full range of U.S. programs which do not reflect the Canadian reality, but do provide an inordinate amount of violence. Two thirds of Canadian TV viewing is of U.S. programs and 25% of the prime time schedules of the two Canadian networks are simultaneous American programming.

The only long term solution to the domination of Canadian media by American production is to produce high-quality Canadian production as an alternative. Pay-TV is the best means within sight of dramatically increasing the programming budget and therefore quality, of Canadian television.

With a multi-channel pay-per-program system, Pay-TV has the potential to offer minority audience programming no matter how small the minority. This is the most interesting, and radical, aspect of Pay-TV. New formats and program areas can be explored which commercial television, including the CBC, can't afford to do.

JURISDICTION AND PUBLIC POLICY

THE CRISIS IN CANADIAN BROADCASTING

It is impossible to consider a Pay-TV policy for Canada without considering the political and economic interests which are fighting to influence that policy. Pay-TV is at the centre of a wide-ranging group of conflicting interests, contradictory opinions, and contending jurisdictions.

Communications generally is an area of increasing conflict between Federal and provincial governments and Pay-TV will probably be a battleground since the use of a closed circuit cable technology apparently puts Pay-TV outside the jurisdiction of the 1968 Broadcasting Act.

Within single levels of Government, various bureaucracies and jurisdictions and ministries are contending. Provincial regulatory agencies are concerned about Pay-TV policy, as are provincial education television services, cultural ministries, and technical or communications ministries. At the Federal level, the regulatory agency and the national broadcasting service (both re-established by the Broadcasting Act) are playing active roles which are not always in harmony with the role of the Department of Communications. The Secretary of State has also been active.

In addition, various business interests are jockeying for influence. The cable companies consider Pay-TV to be the first step in a host of subscriber-supported services which would broaden their role (and their profit potential) in the information/entertainment/communications spectrum. For the same reasons, the common carriers, such as Bell Canada or the provincial telephone companies, are as concerned about Pay-TV as are the private broadcasters. Last but not least into the fray have been program producers, performing arts, and public interest groups. All groups loudly announce they are serving the greater good but such a contentious situation, which is increasingly typical of the Canadian public policy environment, does not auger well for the public or national interest.

The high visibility of Pay-TV makes it difficult for any one interest to implement their policy unfettered and whole. Pay-TV is attracting entrepreneurs (public and private) who seem determined to proceed between the gaps in the Broadcasting Act at all costs. Madame Sauve's June 2nd, 1976, speech would seem to be an attempt to control and reclaim a chaotic momentum which the shortcomings of the Act made possible. Whether or not the summer panic over Pay-TV was appropriate, Pay-TV has focused overdue national attention on the crisis of Canadian broadcasting and program production.

FEDERAL JURISDICTION

Broadcasting Policy

> "3. It is hereby declared that
> (a) broadcasting undertakings in Canada make use of radio frequencies that are public property and such undertakings constitute a single system, herein referred to as the Canadian broadcasting system, comprising public and private elements;
>
> (b) the Canadian broadcasting system should be effectively owned and controlled by Canadians so as to safeguard, enrich and strengthen the cultural, political, social and economic fabric of Canada;
>
> (c) all persons licensed to carry on broadcasting undertakings have a responsibility for programs they broadcast but the right to freedom of expression and the right of persons to receive programs, subject only to generally applicable statutes and regulations, is unquestioned;
>
> (d) the programming provided by the Canadian broadcasting system should be varied and comprehensive and should provide reasonable, balanced opportunity for the expression of differing views on matters of public concern, and the programming provided by each broadcaster should be of high standard, using predominantly Canadian creative and other resources;
>
> (e) all Canadians are entitled to broadcasting service in English and French as public funds become available;
>
> (f) there should be provided, through a corporation established by Parliament for the purpose, a national broadcasting service that is predominantly Canadian in content and character;
>
> (g) the national broadcasting service should
>
> (i) be a balanced service of information, enlightenment and entertainment for people of different ages, interests and tastes covering the whole range of programming in fair proportion,

(ii) be extended to all parts of Canada, as public funds become available,

(iii) be in English and French, serving the special needs of geographic regions, and actively contributing to the flow and exchange of cultural and regional information and entertainment, and

(iv) contribute to the development of national unity and provide for a continuing expression of Canadian identity;

(h) where any conflict arises between the objectives of the national broadcasting service and the interests of the private element of the Canadian broadcasting system, it shall be resolved in the public interest but paramount consideration shall be given to the objectives of the national broadcasting service;

(i) facilities should be provided within the Canadian broadcasting system for educational broadcasting; and

(j) the regulation and supervision of the Canadian broadcasting system should be flexible and readily adaptable to scientific and technical advances;

and that the objectives of the broadcasting policy for Canada enunciated in this section can best be achieved by providing for the regulation and supervision of the Canadian broadcasting system by a single independent public authority." (1)

The 1967-68 Broadcasting Act set up the CRTC to regulate and supervise the Canadian broadcasting system according to the above policy. However, technological progress is making the Act obsolete. As the Act defines it, "broadcasting" means any radiocommunication in which the transmissions are intended for direct reception by the general public; and, "radiocommunication" is defined as "any transmission, emission or reception of signs, signals, writing, images, sounds or intelligence of any nature by means of electromagnetic waves of frequencies lower than 3,000 Gigacycles per second propogated in space without artificial guide".

This definition of broadcasting would seem to exclude closed-circuit cable television (such as Toronto's Network I or videodisks and videogames), optical fibre transmission (since the light spectrum is higher than 3,000 Gigacycles per second), and possibly even broadcast subscription television (since "radio frequencies are public property" and Pay-TV is not intended for direct reception by the general public). One could make the case that subscribers to anything are not the general public.

If the 1968 Act is not amended, much of the future development of broadcasting may be outside its jurisdiction. The new Act (called "Phase 2" to distinguish it from "Phase I" of Bill C-5) is supposed to solve some of these problems. This new Act will downgrade the policy-making power of the CRTC, but whether it will, or can, fill the gaps in the existing jurisdiction is problematical.

The broadcasting policy written into the 1968 Act, which the CRTC is mandated to implement, is increasingly endangered by the new technologies and the old disputes. The single Canadian broadcasting system comprising public and private elements, which the Act authorizes, is disintegrating under the impact of cable, Provincial ambition, and innovations such as videodisk or Betamax.

Government or CRTC policy to date has not always been successful in realizing the broadcasting goals outlined in the 1968 Act. The greatest success of the CRTC has been its insistence that the Canadian broadcasting system be Canadian owned and controlled. It has also been very successful in expanding service in English and French to as much of the public as possible within financial limits, though many people without any television service will never understand the priority that a French-language station has in Vancouver or Toronto. Federal policy has always preferred expanding coverage if a choice has to be made between that and increasing program quality.

The CRTC Canadian content quotas have been necessary to avert a cultural disaster and force Canadian broadcasters to provide a minimum of Canadian programming. However, the Act says "the programming provided by each broadcaster should be of high standard, using predominantly Canadian creative and other resources". This has not been carried out and much of the debate over the rationale for Pay-TV to fund Canadian program production is based on the clear evidence that the commercial television/theatrical film industries cannot, or will not, provide the funding for high quality Canadian production.

The Act also specifies that the CBC should have "paramount consideration" in any conflict between the public and private sectors. Since the establishment

of the Board of Broadcast Governors in 1958 and CTV in 1961, it would certainly seem that the private sector has had paramount consideration. The establishment of Global TV, among other examples, would indicate that the ascendancy of the private sector has not slowed under the CRTC.

Finally, while the Act states that the regulation and supervision of the Canadian broadcasting system should be readily adaptable to scientific and technical advances, it doesn't explain how this adaptability will be accomplished. The inability of Federal statutes to cope with technical advance has, in large measure, been the problem.

The challenges to Federal control of broadcasting, and thus challenges to the national integrity of the Canadian communications system, are rooted in the British North America Act.

In 1929, Quebec passed a Radio Broadcasting Act, which the Federal Government challenged. Supported by New Brunswick, Manitoba and Saskatchewan, the Taschereau Government pressed the Provincial claim to jurisdiction before the Supreme Court. Quebec claimed that broadcasting fell within subsections 13 and 16 of Section 92 of the B.N.A. Act, i.e. under "property and civil rights" and "matters of a merely local or private nature in the Province".

By a vote of 3 to 2, the Supreme Court ruled on June 30, 1931, that Federal jurisdiction could be found in Section 92 (10)(A) which gives Ottawa the power to control telegraphs and other works and undertakings connecting provinces or extending beyond the limits of a province. [(2)]

Quebec, supported only by Ontario, appealed to the judicial committee of the Privy Council. The judgement, delivered February 9, 1932, upheld the Federal jurisdiction under its power to make laws "for the peace, order, and good government of Canada", because broadcasting was not mentioned explicitly in the BNA Act. [(3)]

While these decisions settled the matter of broadcasting, they did not resolve the question of closed circuit cable television, or even cable television. This issue is before the Canadian Supreme Court at the present

moment in *Capitol Cities Communications Inc. et al Vs. CRTC.* This is also called the Rogers case because the U.S. border stations are claiming that cable television regulation is *ultra vires* of Federal jurisdiction. A number of provinces are supporting the U.S. companies' contention.

The reason Rogers Cable is regulated by the CRTC and Network I is not at present, is best summed up by CRTC General Counsel Chris Johnston:

> "There is little doubt that systems which integrate closed-circuit with off-air services fall under Federal jurisdiction. If there is no such integration and closed circuit services only are distributed on the cable system, it is probable that the system falls outside Federal jurisdiction..." (4)

The Provinces contend that cable television *per se*, whether it is carrying off-air signals or not, is *ultra vires* of the Broadcasting Act.

If the Supreme Court does decide that cable TV is outside of Federal jurisdiction, then the "single" Canadian broadcasting system will be broken up. The only prediction possible then would be that the economic tendency to depend even more on cheap U.S. programming will be more overwhelming than it now is. Obviously, the cultural consequences would be disastrous if provincial regulation of movie theatres is any indication.

Federal Pay-TV Policy

The CRTC has been officially concerned with Pay-TV since October 3, 1972 when it released a policy statement entitled "Pay Television". This announcement confirmed the "determination" of the CRTC to regulate cable television; to ensure that Pay-TV was developed under the jurisdiction of the Broadcasting Act by "licensed broadcasting undertakings"; and that Pay-TV must strengthen program production and the broadcasting system as a whole. The development of Federal Pay-TV policy over the past 4 years has been consistent with the concerns expressed in this announcement.

Although the CRTC said it would accept experimental Pay-TV proposals by licensees (but not by anyone who did not already have a broadcasting license), nothing happened. At this time Pay-TV had a very unsuccessful and confusing record in the U.S.; Home Box Office had just started its system in

Wilkes-Barre; and little interest was shown by Canadian entrepreneurs.

While there was little interest in pay-television *per se*, cable systems began to increasingly use old feature films on their own locally programmed channels to make their service more attractive. The CRTC responded to this development in its December 5, 1973, announcement entitled "Feature Motion Pictures on Cable Television Systems". This announcement forbid movies on the locally programmed cable channel. Movies would only be allowed on specially designated channels with CRTC permission. The CRTC took this opportunity to again affirm its jurisdiction over Pay-TV by saying "this activity raises many of the same issues as pay television and applications for any use of feature motion pictures will therefore be required to be made to the Commission". (5)

As the American Pay-TV experience continued to develop, more pressure was brought to bear on the CRTC for a Pay-TV policy. On February 17, 1975, it announced "Cable Television Policy and Draft Regulations". This document included four policy statements concerning various aspects of cable television service and a position paper on Pay-TV which requested briefs for a public hearing.

Peter Grant has summarized the "Position Paper on Pay Television Service" as follows:

> "Position Paper on Pay Television Service: Commission notes renewed interest in pay television, but expresses concern over adverse impact on conventional broadcasting through (a) fragmentation of audience, (b) inhibiting growth of Canadian program production by indiscriminate importation, and (c) "siphoning" effects. Commission prefers to use cable TV as a delivery system but does not preclude use of over-the-air delivery systems. Commission favours the approach of licensing "pay television network operators" rather than cable licensees or television broadcasters, to provide pay TV. Cable would provide a leased channel to the network operator, which might be different persons in each major urban area, or perhaps only 3 or 2 for all of Canada, in the interests of assuring sufficient funds to encourage Canadian production. Commission suggests that perhaps 15% of gross revenues be expended on Canadian production, other than sports. Network operators would be licensed to provide pay TV service; charges and rental fees would be subject to Commission approval. Commission would also adopt anti-

> siphoning restrictions and prohibit any commercial messages. Unless proposals can be developed which significantly develop Canadian program production, it is highly questionable whether the Canadian broadcasting system can absorb the impact of pay television." (6)

The CRTC Position Paper was not well-received in some U.S. circles. Paul Kagan wrote in his Pay-TV Newsletter on March 20, 1975:

> "In its statement, the CRTC has completely ignored the American pay-cable experience of the past 2½ years. It says 'pay television is a largely untried concept' whose experiments thus far 'have been inconclusive'.
>
> As a result, our northern neighbor appears ready to outdo the FCC in slowing the development of the new medium. The Canadian Cable TV Assn. has put together a committee to appeal to the CRTC on and after June 10...The CRTC...sees pay TV as holding potential for Canadian broadcasting and program production, but it envisions the cable TV operator only as a passive supplier of leased channels.
>
> The CRTC's naivete shows when it unabashedly notes that if 25% of Canada's cable subscribers took pay TV, and 15% of pay revenues were allocated to Canadian film production, a total of $5,400,000 would be made available.
>
> That's barely enough to make one good movie."

Kagan's "pay-cable" promotional bias is apparent, but his last sentence identified one of the major issues at the June 10th public hearing. Could a U.S.-style Pay-TV system support Canadian production on a sufficient scale to justify its introduction? Kagan answered that question assuming an allocation to production of 15% of total revenue.

At the June 10th hearing, the pro-Pay-TV position was put forward by the cable companies. The Canadian Cable Television Association actively supported Pay-TV and by implication, backed the "C.P.R." proposal which included an exclusive option from Telesat to lease a Pay-TV channel through a company set up by Agra Industries and Canadian Cablesystems called "Cablesat". "C.P.R." (Canadian Cablesystems, Premier Cable, and Rogers Cable) later evolved into PTN, Pay-Television Network. It is the same basic group with the same basic proposal.

Most other briefs emphasized the potential damage that Pay-TV could do - especially if it became an American movie channel. The weight of opinion

that Pay-TV should be postponed was extremely large. The broadcasters and theatre owners were especially concerned about the negative impact on their markets. Public interest groups emphasized that while Pay-TV should be postponed, its introduction would only be acceptable as a public enterprise. Represented by CCFM, the film industry supported this position.

On December 16, 1975, the CRTC announced its "Policies Respecting Broadcasting Receiving Undertakings (Cable Television)". This policy statement reiterated the CRTC's desire to integrate cable television as a "full contributing partner" in the Canadian broadcasting system. The CRTC wanted to see new initiatives to allocate resources to Canadian program producers.

The last four pages of this announcement dealt with Pay-TV. The CRTC pointed out that 39 briefs were received and 15 representations were made at the public hearing where:

> "the response to the Position Paper was varied. Little public enthusiasm was shown for Pay Television and some representatives of the broadcasting industry felt that it would be premature to introduce it at the present time. Program producers were quick to see the potential advantages that might accrue to them. At the same time they expressed concern that if Pay Television relied too heavily on foreign programs, it might not provide sufficient benefits to Canadian production to justify its introduction". (7)

The announcement adds that: "the Commission recognizes that some form of Pay Television is highly probable in the future", but:

> "The Commission believes that the Canadian broadcasting system should have the opportunity to adapt to and absorb all of the present policies and developments free from the potential challenge of the widespread introduction of Pay Television and without having the system's resources and creative energies diverted into new endeavours.
>
> For the foregoing reasons the Commission has come to the conclusion that it is premature to introduce a comprehensive Pay Television service into Canada at this time." (8)

This policy statement went on to say that it did not preclude the approval of Pay-TV for limited audiences such as hotel guests and it would continue

to consider plans for the implementation of Pay-TV.

Most people thought the CRTC's decision to indefinitely postpone the introduction of Pay-TV was the last word on the subject for years to come. Just six months later, Madame Sauve's speech on June 2, 1976, committed the Department of Communications to reversing the intent of the CRTC decision. In December, the CRTC had said "some form of pay television is highly probable in the future", but in June the Minister of Communications had decided that "the establishment of pay television service on a large scale is inevitable" and called for new briefs in three months.

Federal policy was not split. The reasons for this reversal have not been satisfactorily explained. However, following the December 1975 CRTC statement, the total number of people subscribing to American Pay-TV increased and seemed to be taking off. In May 1976, Network I began operations delivering U.S. movies on a pay-per-program closed circuit cable system within a Toronto condominium complex. Network I was not licensed by the CRTC but after commencing operation it did get a licence from the Ontario Theatres Branch. The provinces, especially Saskatchewan, continued to press their claims to cable jurisdiction.

Another possible cause for the policy reversal was a difference of opinion between the DOC and the CRTC over policy prerogatives. Although "Phase 2" of Bill C-5 will take policy decisions out of the hands of the CRTC, it is not yet law. Some CRTC staffers claimed DOC was jumping the gun and using Pay-TV to emphasize its new role formulating policy, while DOC staffers implied the CRTC had been doing a poor job regulating broadcasting and things were getting out of hand.

No matter the merits of each side, a split became apparent and grew as the summer wore on. Of course, there was no official disagreement since the CRTC reports to the Minister of Communications. CRTC Chairman, Harry Boyle, presented a speech to the Canadian Cable Television Association on June 2nd following Minister Sauve's. He justified the Minister's policy initiative by saying "this one major problem transcends the normal

administration of the Broadcasting Act of 1968 because the structure of the program service to Pay-TV will have an effect not only on cable operators and off-air broadcasters but on the whole range of creative program production resources of Canada." (emphasis added)

Boyle went on to explain that the Minister's speech was "the beginning of a national policy of 'cultural security' for Canada" and not merely a statement on the "broadening of entertainment choice for subscribers". Boyle seemed to say that no matter who was policing the Broadcasting Act - CRTC or DOC - the goals and objectives would be the same.

Two months later, the Secretary of State added his voice to those calling for caution. In a speech to the Canadian Broadcasting League on August 10, 1976, Hugh Faulkner said"

> "I cannot for the life of me feel much enthusiasm for this development if it is allowed to proceed carelessly..... Certainly I am not ready to yield to pressure from enthusiasts whose main interest is in the large revenues they anticipate from this new system. Very few of us in this country feel an urgent need for yet another television channel, especially one for which we will have to pay another fee."

PROVINCIAL JURISDICTION

If the various departments and agencies of the Federal Government were having difficulty coming to a conclusion about Pay-TV policy, they were not being helped by the provinces which have never quietly accepted the British Privy Council decision in favour of Federal jurisdiction over broadcasting.

The "federalist" position over the years has been bolstered or justified by the provincial control and regulation of movie theatres. In Federal policy statements dating back to the Aird Report, the regulation of the film industry is held up as an example of everything that can go wrong when a cultural industry is allowed to develop strictly according to market forces in Canada. Yet even the "socialist" provinces have ignored the problem.

The scandal in the movie houses was first held up as a "negative" example

for broadcasting policy by Sir John Aird in 1929. His Royal Commission on Radio Broadcasting Report stated:

> "Increasing dependence upon contracts with powerful U.S. broadcasting interests would lead broadcasting on this continent into the same position as the motion picture industry has reached after years of fruitless endeavour to establish Canadian independence in the production of films." (9)

This example is, unfortunately, just as valid today as it was nearly fifty years ago. Since the program content of Pay-TV is seen in terms of theatrical movies, the analogy comes up frequently in the Pay-TV policy discussion. The CRTC "Position Paper on Pay Television Service" which was released February 17, 1975, contained the following warning:

> "With regard to the effect on the Canadian broadcasting and program production industries, there seems little reason to permit the introduction of pay television if it is allowed to develop in the same manner as the motion picture industry in Canada. Foreign interests acquired a virtual monopoly over both exhibition and distribution thus gaining control over the financial resources needed for production. It is still sometimes difficult for Canadian producers to obtain exhibition opportunities in Canadian movie houses. Pay television must not be permitted to follow this course. Instead, it must be used as a vehicle to further the production and exhibition of Canadian material." (10)

This observation was repeated practically verbatim in Madame Sauve's June 2nd speech:

> "Even now, there would be little reason to permit the introduction of Pay-TV if it were left to develop in the same manner as the motion picture industry in Canada. Foreign interests have acquired a virtual monopoly over exhibition and distribution, thus gaining control over the financial resources needed for production. Canadian producers still find it difficult to obtain exhibition opportunities in Canadian movie houses. Pay television must not be allowed to follow this course."

While it is never mentioned explicitly, one assumption of this warning is that the provinces have been derelict in the regulatory duty. While the Federal record is hardly glowing, in terms of attempting to regulate cultural industries from a social or cultural standpoint as well as an economic standpoint, the Federal Government would appear to have a much better record than the provinces.

The Massey Commission Report on the arts in 1951 seems to identify the problem in all cultural industries:

> "The principal grievance of the private broadcasters is based, it seems to us, on a false assumption that broadcasting in Canada is an industry. Broadcasting in Canada, in our view, is a public service directed and controlled in the public interest by a body responsible to Parliament." (11)

This theme was expanded by the Davey Commission Report on the Mass Media in 1970 which presented its "most fundamental conclusion" as:

> "This country should no longer tolerate a situation where the public interest in so vital a field as information is dependent on the greed or goodwill of an extremely privileged group of businessmen." (12)

On the other hand, a strong cultural position has not assuaged a very strong regional dissatisfaction with many aspects of the Federal communications policy. Many provinces believe that they could better meet the communications needs of their citizens than the Federal Government can. In Quebec, the question of cultural survival underlines a trend which exists in most of the provinces.

Inevitably, a system which is vertically integrated, such as network broadcasting, creates problems of access. In English-Canada, the complaints about the CBC's Toronto-centricity are legion. The efficiency of the medium requires centralization of program production, acquisition, and distribution. This practical efficiency is in constant conflict with the political and social necessity for decentralization. British Columbia is most vehement in its dissatisfaction and prominent local citizens have organized the "COMMITTEE OF 100" to demand local autonomy for the CBC in B.C.

Other provinces feel the problem with television is not only the lack of local origination, but the lack of adequate local distribution. In Saskatchewan, one third of the population get very poor television reception and, in 1975, 8.4% of the population had no television service at all. (13) Saskatchewan is one of the provinces which most forcefully makes a case for controlling cable provincially, including pay television.

Whether provincial desire to control communications stems from lack of service under the present system, fear for cultural survival, or merely provincial ambition in a period in which central power in Ottawa is at a low ebb, Pay-TV has become a focus for the Federal-Provincial conflict in communications jurisdiction.

Network I in Toronto is in existence because the Broadcasting Act does not give the CRTC jurisdiction over closed-circuit television. Radio frequencies may be public property, but coaxial cable is not.

Ontario

Ontario has put its main thrust for a provincial role in broadcasting into the Ontario Educational Communications Authority or TV Ontario. Alberta and Quebec have also taken a role in broadcasting through provincial educational networks - ACCESS in Alberta and Radio-Quebec in the latter province. The Broadcasting Act of 1968 allows that "facilities should be provided within the Canadian broadcasting system for educational broadcasting" and the British North America Act allocates education to the provincial realm.

Therefore it is not surprising to see pay-television described by Ontario ministers in terms of its information/education potential rather than its entertainment reality. Premier William Davis spoke to the Canadian Cable Television Association conference on June 1, 1976. He presented the Ontario rationale for interest in communications and Pay-TV in these traditional provincial terms:

> "As we increasingly become an information-based society, the Government of Ontario cannot help but take a deep interest in developments in the communications field. The impacts of these developments on children, the educational process, cultural activities, the use of leisure time, community life, and business institutions, to cite only a few, are obvious and important. We are particularly interested in the ability of cable to deliver to specific localities specialized educational information and even library services." (14)

The Premier acknowledged that "There is no doubt in our minds that the nature of Canada's broadcasting systems requires continuing Federal responsibility", but the regulation of cable is not part of that Federal

responsibility. He said "we do believe that primary responsibility for cable systems operating in Ontario should rest with the Province". The tone of the rest of his address seemed to imply that under Ontario regulations, cable would not be held back from any future business opportunities. He put it this way:

> "In my opinion, cable is an industry in its own right and should be treated as such by Government. The cable industry should be encouraged to innovate and seek new ways of developing its potential".

On June 16, 1976, the Ontario Minister of Transportation and Communications, James Snow, spoke in the Legislature about Pay-TV. He emphasized the potential content of this service to justify Provincial interest just as the Premier had done earlier:

> "In speaking of Pay-TV, therefore, we should not limit our thinking to just one channel offering movies, but to a number of channels which in time will provide specialized library, educational, and other informational and cultural services".

He went on to applaud Madame Sauve's decision to re-open the Pay-TV issue and her acknowledgement that provincial input was necessary. He also pointed out that "closed-circuit coaxial systems" fall "within the ambit of provincial authority" The basic Ontario position on the subject was summed up in this sentence: "Like Madame Sauve, I think the introduction of Pay-TV on a broad basis is inevitable and desirable."

Once again, in direct opposition to the Massey Report, the philosophy seems to be that *laissez-faire* will serve the interests that the Premier mentioned in seeking to justify provincial control of cable and cable-delivered services. The results are seen both historically in our movie houses with 96% foreign content (according to the Tompkins Report) and in Toronto at present with the provincially licensed NETWORK I Pay-TV operation also under no obligation to promote, develop, or exhibit Canadian programming.

The business objectives of a provincially licensed Pay-TV system would seem to take priority despite the cultural and educational objectives which both Ministers emphasized they want to encourage.

While some sections of the program production industry have said they want Pay-TV to be controlled by private enterprise, none have expressed the slightest desire to see the one private enterprise which actually wants Pay-TV, get it. From these speeches, it seems a provincially-controlled Pay-TV system in Ontario would be turned over to the cable companies and, presumably, PTN. For that reason, most sections of the Ontario-based English-language program production industry have not been enthusiastic supporters of provincial control of Pay-TV.

Saskatchewan

Saskatchewan, Prince Edward Island, and Newfoundland are the last Provinces to become cabled. In Saskatchewan it is believed that the communication needs of the people can be served better if the Province controls cable television than if it is controlled by the Federal Government.

The Provincial Government wants cable hardware owned and operated by SaskTel, the Provincial telephone company, and the software handled primarily by community groups. According to its presentation for control of cable television presented by the Saskatchewan Government to the CRTC on February 9, 1976, the Province would benefit from the incorporation of cable facilities into the telecommunications system of SaskTel because:

1) It avoids wasteful duplication of hardware and service facilities (which would result if SaskTel and private cable companies both had cable operations).
2) It is consistent with the telecommunications tradition of separation of the medium and the message. SaskTel wants control of the medium, but will not be involved in the content or programming which it acknowledges is under CRTC regulation.
3) The quality of equipment and service will be superior under public control, and a single Provincial hardware operator will ease regulatory problems which would result from a plethora of cable hardware operators.
4) It will ensure the best possible rate averaging system which will allow all Saskatchewan residents to get cable for the same price whether they live in rural or urban areas.

5) It will allow the Provincial cable system to take advantage of future technological innovations because the cost of such innovation can be reduced by "systems integration" within the various telecommunications operations of SaskTel. A private cable operator would not be able to afford to do this.

Saskatchewan has two stated policy objectives which have guided its communications policy since the establishment of SaskTel in 1908:

1) achieve the most efficient use of the medium;
2) direct that efficiency in a manner which best meets the development needs of Saskatchewan.

Saskatchewan believes that the Federal policy has not met these goals for Saskatchewan. For example, Saskatchewan has the largest provincial population without television coverage: some 10.2% of the total in 1972 which was only reduced to 8.4% by 1975. Only the Yukon and Northwest Territories have poorer television coverage.

Another concern of the Saskatchewan Government is that the capital assets of the CBC operation in Saskatchewan are lower than any other province except P.E.I. On a *per capita* basis, CBC assets were worth $4.38 in 1974 in Saskatchewan compared to $7.55 in Alberta and $15.33 in Manitoba. Obviously, Saskatchewan wants a greater piece of the communications industry located within its borders serving local needs.

Finally, the Saskatchewan Government is concerned about the effect of "foreign", or out-of-Province, control over local communications. The prime example is the Armadale Company with its head office in Ontario. This company owns Moose Jaw and Regina TV stations, 2 television rebroadcast stations, a Regina AM radio station, and the Regina and Saskatoon newspapers. It was an applicant for cable licenses.

In July, 1976, the CRTC announced its decision for four cable licenses in Saskatchewan. It gave Regina Cablevision Cooperative the license for Regina, and Battlefords Community Cablevision Cooperative Ltd. the one for North

Battleford. Both of these cooperatives were supported by SaskTel as were two unsuccessful cooperative applicants in Saskatoon and Moose Jaw. The remaining two licenses were instead awarded to Saskatoon Telecable Ltd. and Prairie Co-Ax TV Ltd. respectively, both private cable companies.

The CRTC decision denied SaskTel ownership of any part of the cable television system except the cable itself. This decision reaffirmed the CRTC policy that cable operators must own significant parts of the cable hardware. The commission justifies this policy because it "is essential to ensure that the licensee is always in a position to comply fully" with national requirements and "the licensee should not be in a position to avoid such fundamental responsibilities by pleading lack of effective control over its delivery system".

The cable industry actively campaigned against the "socialist" Provincial position. Phil Lind, Chairman of the Canadian Cable Television Association, wrote in a trade paper, in July, 1976:

> "Another high profile issue made headlines recently. The CRTC, in awarding the Saskatchewan licenses, came out strongly in favour of plant ownership by the cable licenses. This is an issue so fundamental to our industry that we could not afford to lose. Yet because of an active provincial government campaign, the issue looked almost beyond reach. But the industry dug in and worked terribly hard to convince both the regulatory authorities and many politicians that plant ownership should remain in the hands of the federal cable license. Congratulations, incidentally, are in order to Michael Hind-Smith and John O. Graham for their work on this matter. The Saskatchewan government has served notice that it will not accept the CRTC decision. The CCTA has again reaffirmed its position and has sent telegrams to many federal politicians endorsing the CRTC." (15)

The decision was challenged by Ned Shillington, the Consumer Affairs Minister responsible for SaskTel. He said there will be no cable service allowed in Saskatchewan unless SaskTel owns the hardware. He said SaskTel will not allow the use of its poles to private cable company licensees.

The provincial rationale was quoted by Mr. Shillington in Variety:

> "Saskatchewan contends that ownership of cablevision hardware by interests other than SaskTel will result in higher costs, hamper

> extension of cable services to smaller communities, and severely hinder provision of new types of educational services.
>
> Cable television is a mixed blessing which at worst brings American programming which can be viewed as entertainment, but it must also be viewed as a community resource that can be used for community programming and to provide service to rural areas. That will not come if it is in the hands of private operators".(16)

The Federal Cabinet backed up the CRTC decision.

Nevertheless, not only has Premier Blakeney of Saskatchewan described cable television as a challenging major Federal-Provincial issue like those of transportation and resources (17), but he has apparently decided to start a Provincial subscription television service (or SaskPay?).

The Provincial Government plans to set up a closed circuit television system for the Province under the authority of Section 92 of the British North America Act as a "local work and undertaking". Thus, the same loophole in the Broadcasting Act which allows a private entrepreneur to set up a closed-circuit Pay-TV system in Toronto will allow a provincial Government to do the same in Saskatchewan (or anywhere else).

The Saskatchewan Pay-TV plan was written by Leo Courville and is appended to this report. It is titled "Report on a Closed Circuit Television System for Saskatchewan" and dated July 21, 1976. It proposes five or six closed-circuit channels including:

1) one premium movie channel;
2) two or three additional entertainment channels including an older movies channel, a children's channel and/or a sports and documentaries channel;
3) one local community channel; and
4) one local educational channel.

The entertainment would presumably help carry the rest of the programming and provide a secure financial base for the system. The Report seems optimistic in its various estimates, but Government can do what others cannot afford to do. The biggest concern with this plan is that according to the sample schedule

it depends almost entirely on American movies (Saskatchewan has been negotiating with Telemation Program Services for American product.)

With under a million population (275,000 television households), the Province would not be able to generate sufficient revenues by itself to originate high-quality entertainment programming. In no time it would be placed in the classic position of depending on American product which is inexpensive, high quality, mass appeal material and much cheaper than Canadian product. An American movie channel would compound the cultural damage that cable inevitably does by bringing in U.S. channels wholesale. In 1976, only 4% of Saskatchewan television households received cable and only those in Estevan received U.S. signals (Prince Albert, Pointeix, and Alsask Canadian Forces Base did not).

Without commenting on the basic question of hardware ownership (though SaskTel presents a very strong case), the present course of action by Saskatchewan would lead to an American-dominated Pay-TV network despite its public control and Mr. Shillington's concerns about U.S. programs. The rationale for public control - that the public interest will be protected - is subverted by this plan if one assumes that a cultural public interest must be protected and developed.

Quebec

The Quebec Government has not shown a great interest in Pay-TV. In attempting to formulate a Pay-TV policy, it's responding to the Federal initiative. The Quebec position under the Liberal Minister of Communications has been to attempt to regulate broadcasting and make sure communications was under Provincial control. The Regie des services publics is a product of this approach. This is the Provincial equivalent of the CRTC. Quebec cable operations have been getting two licenses - one Federal and one Provincial. In some cases, a broadcasting undertaking will be licensed by one and not the other.

The most prominent example of this regulatory impasse are the cable systems in Rimouski. For nearly three years, the Federally-licensed operator has

been fighting the Provincially-licensed operator. A recent decision in the Provincial court has forced the Federal licensee (Cablovision de l'est) to stop putting cable on Hydro-Quebec poles. The Provincial licensee (Cablovision de bas St-Laurent) is actually supplying service via the Provincially-regulated telephone company.

The question is basically whether the Federal Government has the jurisdiction to regulate cable television. The Supreme Court in the Rogers case should resolve the Rimouski fight, and presumably, the entire Federal-Provincial question. Since Pay-TV will most likely be a cable-delivered service (though perhaps not exclusively so) the fact both Quebec and Ottawa claim regulatory power over Quebec cable licenses will complicate the future of Pay-TV in this Province (as will the recent election of a P.Q. Government).

Before the Provincial election, a number of policy considerations had been put forward within the Quebec Ministry of Communications for consideration by the Minister. One internal memo puts the policy objectives as follows:

1) Quebec must make legal notification that Pay-TV is under Quebec jurisdiction
2) If Pay-TV is delivered by "closed circuit" television then Quebec jurisdiction is assured.
3) Pay-TV should distribute programming which is not otherwise accessible
4) Pay-TV revenues must be re-invested in program production
5) Pay-TV must avoid the errors of the cable industry - huge enterprises vs. uneconomically small enterprises
6) At all costs, ownership of a francophone system must remain in Quebec
7) Should Pay-TV use the cable infrastructure, or should a new infrastructure be invented?
8) Pay-TV should hold film exhibition and distribution rights?
9) Pay-TV should be a crown corporation?

Another internal document speculated on the revenue breakdown for programming a Quebec Pay-TV operation as follows:

1st year	20% Quebec
	20% Canadian
	20% French
	40% U.S. and others

2nd year	30% Quebec 20% Canadian 20% French 30% U.S.
3rd year	40% Quebec 20% Canadian 20% French 20% U.S.

However, all of these objectives beg the real question: should there be a Quebec Pay-TV system? The debate is complicated by the fact that cable television is not as popular a service in Quebec as it is in English Canada. The reason is obvious - the U.S. channels are not as popular with the francophone audience as they are with the anglophone audience. According to the CBC, there are 360,000 francophone homes with cable or slightly more than 20% of the total of French-Canadian television homes. The issue for Quebec's 141 cable operators is not to pull additional money out of the subscribers they have, but to increase their subscribers; a fact recognized in their Pay-TV brief to the CRTC. This approach leads to a mandatory universal system which the Quebec film producers have endorsed. (See Appendix A)

The second question is whether Pay-TV will not add to the cultural fragmentation of the francophone audience which at present spends 55% of its time watching Quebec-produced television programming. The remaining 35% is spent watching foreign programming in French with 10% of the total time viewing English-language programming. (18)

Is the Quebec market large enough to produce sufficient revenue to make enough programs to avoid depending on foreign programming? The answer for Quebec is definitely <u>no</u> if the American model is followed. For example, if 25% of the cable subscribers take Pay-TV, then the francophone market is only 90,000 subscribers. If they pay $8/month, then the Quebec system will generate total annual revenue of $8,640,000. If 40% is available for programming, that is an annual budget of only $3,456,000. This cannot be considered sufficient income to program a premium television channel for one year and provide a significant benefit to indigenous program production.

However, if a universal Pay-TV system is introduced there would be no hardware

costs (or black boxes) and therefore a greater total income for production. For example, Quebec's 360,000 francophone cable subscribers generate $12,960,000 at $3/mo. This would be the Pay-TV income if the service were universal and mandatory. The $3/month would be a cable rate increase which would cause some disconnects, but the attraction of the additional channels should be worth an additional $36 annually. Distribution and administration costs shouldn't be higher than $3-4 million in Quebec alone. Thus, nearly $10,000,000 becomes available for programming. While it is still a relatively small sum, it is substantially higher than $3.5 million, and equivalent to Radio-Quebec or TV Ontario financing.

If the Quebec Pay-TV network were to include the anglophone market then the system would have closer to 500,000 subscribers. However, it would have to program in two languages, increasing costs. The rights for foreign programming in both languages could be purchased by a Quebec Pay-TV authority which might be able to coordinate its purchases with the English-Canadian Pay-TV authority.

Given the small size of the Quebec market, and cable's weakness in that market, Pay-TV would require as many advantages as possible to survive; for instance a combination of levies and taxes on various media, eventually returned to a central Quebec production fund. This fund might also be helped by tax money.

This solution is supported by the Quebec Producers' Association in their brief to the CRTC which was attached to the Quebec cable brief. The basic position was put forward by Claude Fournier at the CCFM Pay-TV Seminar on August 19, 1976, when he said:

> "If we are to have Pay-TV now, let's have it with the least hardware costs possible. The cheapest way to achieve that goal so far seems to let the cable operators carry the signal.
>
> In Quebec, the cable operators already have one-half million subscribers and they can readily cover 85% of the territory. The two main operators have already stated publicly that they can install Pay-TV for a cost of $10-20 per customer.
>
> To reach the largest number of customers, we would also favour a progressive approach to Pay-TV in the form of a <u>universal system</u>, *i.e.* every subscriber to cable-tv also receives Pay-TV

> whether he wants it or not. For such services, the CRTC should allow the cable operators to raise their monthly subscription.
>
> This universal system would be in operation until such time as the hardware costs become feasible for a two-way operation permitting a pay-per-program system.
>
> In order to achieve these goals, the Producers Association will recommend that a private agency be set up to become the Pay-TV packaging company in which producers or programmers as we like to call them in this instance would enjoy a major position. This company would be granted temporary exclusive rights on both the English and French market of Quebec. We believe that the size of this market precludes further fragmentation along language lines." (19)

This is probably the only way Pay-TV could work in Quebec if it is not to rely wholesale on dubbed foreign programming resulting in a potential cultural disaster in Quebec similar to that in English-Canada.

However, the jurisdictional problems over the control of Pay-TV which have gone as far in the past as to have double licensing authorities, will presumably be aggravated by the policies of the Parti Quebecois. In summary, the Quebec Government would probably be happy if Pay-TV were to disappear. Given the June 2nd speech of the Federal Minister of Communications however, that seems unlikely. The Quebec francophone market is very small and at the least would require a universal mandatory Pay-TV system if Quebec production were to attempt to fill the Pay-TV channel with a reasonable quantity of good quality material. Finally, a Pay-TV monopoly which coordinates foreign program purchasing with its English-Canadian counterpart is probably necessary to keep the cost of such programming at a minimum through large market buying power. While the producers may not like it, a monopoly should be a public enterprise if the public interest is to be protected.

SUMMARY

The regulatory control of Pay-TV depends to a large degree on the nature of the technology - whether the signal is delivered by cable only or off-air. If Pay-TV is delivered on a closed-circuit system, than it appears to be

outside the jurisdiction of the Federal Government as its powers are defined in the Broadcasting Act of 1968. If Pay-TV uses over-the-air delivery at any stage (such as a satellite feed), or if Pay-TV is delivered by a Federally licensed broadcast undertaking (such as the cable systems which deliver off-air signals), than Federal control seems paramount. These questions are before the courts and are subject to Federal-Provincial tradeoffs.

The Federal Department of Communications agreed on November 10, 1976 that the Manitoba telephone company can control the hardware used to bring cable-television to the home in exchange for Manitoba acquiescing to Federal jurisdiction over Pay-TV. This would seem to reverse the CRTC Saskatchewan decision and open up the possibility that Saskatchewan will make a similar compromise.

The Federal Government must solve some of the problems which its policies have aggravated in the past. The question of broad coverage vs. strong programming has, in the past, always been solved in favour of coverage, that is, getting the television signal to as many Canadians as possible has taken priority over improving the quality of programming. The CRTC recognized this problem in its December 16, 1975, policy statement:

> "Simply stated, we are already well launched into the process of developing highly expensive and extremely sophisticated hardware without the necessary programs to make effective use of this system to fulfill Canadian social and cultural objectives. We now have in place a distribution system more effectively oriented to the development and distribution of more foreign programming than to the creation and evolution of distinctly Canadian works." (20)

While there remains widespread regional dissatisfaction over centralization of production, production personnel continue to leave the country.

There is the question of public or private control of the Pay-TV network and the degree of separation between the carrier and its content. The fact the television networks are both carrier and content *i.e.*, produce and distribute programs, has created difficulties in access by outsiders to the system, and abetted the problem of preserving production money in the face of ongoing

technical, capital, or distribution expenditures. These hardware expenses have tended to take a higher priority than the software expenses.

The other issue is who should control Pay-TV? The present situation is a regulatory nightmare. Not only are provincial agencies warring with Federal agencies, but various Federal agencies or departments are competing for jurisdiction.

The solution to these questions is basically political. Who you think should control Pay-TV depends on where you sit. There probably is no single right answer to that question. Perhaps it will be resolved by political horse-trading. Considering the circumstances, it may be a miracle if the public interest wins in the end.

INTRODUCING PAY-TV IN CANADA

" I CANNOT FOR THE LIFE OF ME FEEL MUCH ENTHUSIASM FOR THIS DEVELOPMENT IF IT IS ALLOWED TO PROCEED CARELESSLY... I AM NOT PREPARED TO HAVE PAY-TV THRUST UPON US BEFORE WE ARE READY TO ASSURE (CERTAIN) ESSENTIALS.... I AM NOT READY TO YIELD TO PRESSURE FROM ENTHUSIASTS WHOSE MAIN INTEREST IS IN THE LARGE REVENUES THEY ANTICIPATE FROM THIS NEW SYSTEM."

HON. HUGH FAULKNER

FORMER SECRETARY OF STATE

SPEECH TO THE CBL CONFERENCE

HALIFAX, AUGUST, 1976

CONSUMER DEMAND AND PUBLIC OPINION

There are several indicators of potential consumer demand for pay-television in Canada - if and when it should be introduced. The first indicator is the public acceptance of American Pay-TV. As we noted in the section on the American experience, the U.S. pay-per-channel model seems to reach a penetration barrier of 11% of homes passed by cable or 25% of basic cable subscribers. These figures change for universal systems such as San Jose which has presently reached 40% penetration of its market with the basic service that includes a movie channel. This penetration barrier also changes for pay-per-program systems such as Network One in Toronto which can achieve very high penetration if they make no minimum financial obligation on the subscriber. They depend on impulse buying for individual programs.

Public Opinion Surveys

To our knowledge, there are two public opinion surveys which have recently been taken in Canada on the subject of potential consumer demand for pay-television. The definition of Pay-TV on both surveys were comparable and therefore, the results are comparable.

GOLDFARB SURVEY

The first survey was conducted by Goldfarb Consultants Ltd., in August, 1976, for PTN/Pay Television Network Ltd. While PTN obviously has an interest to pursue and some of the questions in this survey reflect that interest, we assume the results of this survey are accurate within the limits stated. Martin Goldfarb has done a considerable amount of public opinion research over the years including extensive surveys for the Davey Commission on the Mass Media.

The Goldfarb survey took "a random sample of approximately four hundred (400) current cable subscribers in the Metro Toronto area which were interviewed by telephone over a one week period. Male and female household heads over the age of eighteen (18) were interviewed in equal proportions." (1) These 400 cable subscribers were read the following definition of Pay-TV:

> "To clarify, pay-tv, when it becomes available, will be showing recently released full length movies, that is, movies released

within the last year of two that could be shown in any theatre, as well as other entertainment programs or events not otherwise available on television. Pay-tv will have no commercial interruptions."

Then people were asked, without any reference to the possible cost of pay-tv, how likely they would be to subscribe to it when it becomes available. Their responses are as follows:

Likelihood Of Subscribing to Pay-TV	% Of Respondents
Very likely	14
Somewhat likely	21
A little likely	25
Not likely at all	34
Don't know	6
	100% Base: (393) (2)

The respondents were broken down according to age and income. "Expressing greatest interest in Pay-TV are people under 50 and those with household incomes $20,000 and over."

	% of Respondents						
		----- AGE ------			----------- INCOME -------		
Likelihood Of Subscribing To Pay-TV	Total	Under 35	35-49	50& over	Under $12,000	$12,000-$19,999	$20,000 & over
Very likely	14	14	17	10	13	10	22
Somewhat likely	21	28	19	15	13	33	21
A little likely	25	28	34	17	20	23	30
Not likely at all	34	26	25	53	50	30	22
Don't know	6	4	5	5	4	5	5
	100	100	100	100	100	100*(sic)*	100
Base:	(393)	(160)	(98)	(133)	(84)	(100)	(123)

(3)

GALLUP SURVEY

The second survey was conducted by The Gallup Poll of Canada through personal, in-home interviews with 1,058 Canadians, 18 years old and over, in early November, 1976. As Gallup claims, "a sample of this size is accurate within a four percentage point margin of error, 19 in 20 times." The following information was printed in the Toronto Star, December 15, 1976:

> "LESS THAN ONE IN FIVE INTEREST IN PAY TELEVISION
>
> In spite of the fact that there has been considerable coverage of its planned initiation here, a majority of Canadians are either not at all interested (47 per cent) or not too interested (25 per cent) in pay television. This compares to 24 per cent who are quite or very interested and to 4 per cent who are not sure.
>
> In the Atlantic provinces, only 12 per cent express real interest in paying to watch such things as first run movies on television, while in the rest of the country approximately one in five are very or quite interested. And the proportion of young adults under 30 years who express interest (32 per cent) is double those 50 years or over (16 per cent)...."

The question was:

> "There has been considerable talk recently about pay television - where you would pay to watch such things as first-run movies whithout commercial interruption. It's pretty hard to tell yet, but how interested do you think you might be in pay television - very interested, quite interested, not too interested, or not at all interested?"

	Level of Interest				
	Very	Quite	Not Too	Not At All	Don't Know
National:	8%	16%	25%	47%	4%
Region:					
Atlantic	3	9	33	41	13
Quebec	10	14	18	54	4
Ontario	9	16	25	47	3
Prairies	7	18	31	40	4
British Columbia	6	22	29	40	3

	Very	Quite	Not Too	Not At All	Don't Know	
Age:						
18 to 29 years	13%	19%	24%	41%	3%	
30 to 49 years	6	19	25	46	4	
50 years and over	6	10	25	53	6	
Sex:						
Male	9	18	23	45	4	
Female	7	14	27	48	4	(4)

An additional breakdown according to household type was made by Gallup which did not appear in its press release:

	Very	Quite	Not Too	Not At All	Don't Know	
Households:						
Professional and Executive	10%	16%	30%	42%	3%	
Sales and Clerical	8	28	25	38	1	
Labour	8	15	24	48	6	
Other (farm, student, retired)	6	12	24	54	4	(5)

SUMMARY

These surveys would indicate that there is relatively little consumer demand for pay-television. The Goldfarb and Gallup surveys complement each other in revealing this conslusion. Goldfarb only interviewed people who are cable subscribers in Toronto. These people are already used to paying for television and are used to a wide variety. He finds 35% of his sample are in the two most interested categories. On the other hand, Gallup polls a wide cross section and not just cable subscribers. He finds 25% in these categories in Ontario and 24% nationally.

Comparing these results with the U.S. figures, it would seem that somewhat

fewer people would actually pay for Pay-TV than are interested in it. The 11% of homes passed by cable which subscribe to Pay-TV in the U.S. would compare with the 24% Gallup figure, and the 25% of cable subscribers who take Pay-TV in the U.S. compares with the 35% Goldfarb figure. The American figures are lower despite intensive sales campaigns conducted by the U.S. cable companies to promote Pay-TV in their market areas.

Both Goldfarb and Gallup find younger people are most interested in Pay-TV. This is hardly surprising given the description of Pay-TV as a movie channel. The movie audience is very young. In Canada, according to a Gallup Poll released May 26, 1973, 68% of adults 18 to 29 attended a movie in the past month while only 14% of people over 50 had. In another Gallup survey released September 28, 1974, 13% of those questioned had gone to a movie in the past seven days. The age breakdown of that group: 29% were 19-29; 10% were 30-49; and 5% were 50 and over. (6)

The second apparent agreement between Goldfarb and Gallup is that the potential Pay-TV market is among the more affluent people surveyed. It is interesting to compare this information with the information from Hartford Pay-TV analysed by Stanford:

> "Initially, the system attracted a relatively high portion of affluent customers, but over the course of the two-year test, these affluent consumers dropped away...By the end of the two years, Hartford had a middle and lower middle income subscriber peak. Why the affluent joined at first is conjectual. It may have been that people in this income group tend to be early adopters of most services. Later, as other citizens subscribed, the relative proportion of these higher-income households would decline." (7)

The Consumer and Content

One point which was not addressed in either the Goldfarb or Gallup question on pay-television was a cultural definition of the service. If it is a movie channel, whose movies? While it id undeniable that most Canadians watch American television programs, it is also a fact that most Canadians believe there is too much American influence in Canada - both in general and on television. In addition, Canadians are becoming increasingly critical of the programming they see on television.

Gallup conducted several surveys over the past two years which support these statements that Canadians really are concerned with American domination of

their culture, or "way of life". A survey released May 25, 1974, was taken in early March among 1047 adults. The table shows the results in 1974 compared to earlier surveys.

The question asked:

"Do you think the Canadian way of life is, or is not, being influenced too much by the U.S.?"

	Too Much Influence	No, Not Too Much	Undecided
1956	27%	63%	10%
1966	53	36	11
1974	57	35	8
Region:			
Atlantic	46	48	7
Quebec	56	33	11
Ontario	59	33	8
Prairies	55	35	10
British Columbia	65	32	3
Age:			
18 to 29 years	61	34	5
30 to 49 years	61	31	8
50 years and over	48	39	12

(8)

A more specific question was asked 1,072 adults during the first week of May, 1975:

"Do you think Canadian culture or way of life is, or is not, being influenced too much by American TV?"

	Yes	No	Don't Know
National:			
1970	49%	40%	11%
1975	59	35	6

	Yes	No	Don't Know
By Region, 1975:			
Atlantic	44%	45%	11%
Quebec	68	25	7
Ontario	58	37	5
Prairies	48	43	9
British Columbia	67	29	4
By Age, 1975:			
Under 30 years	65	31	4
30-49 years	55	38	7
50 years and over	57	35	8

(9)

The Gallup Report sees the increase in concern over American television as a factor of the cable explosion: "The proportion who are concerned has risen significantly in the past five years. In 1970, before the influx of American stations, via cable television, to even remote areas of the country, 49% of Canadians felt we were being influenced too much by American television." (10)

While American programming is becoming more and more prevalent, Canadians believe that television's influence on family life is getting worse. In June, 1976, the following question was asked 1,062 adults:

> "From what you have seen or heard, do you think television is a good influence on family life or not a good influence?"

	1956	1966	1976
Good influence	66%	48%	41%
Not a good influence	19	27	41
Qualified, can't say	15	25	18

(11)

Of those who thought television was not a good influence in 1976, the most common reason given - by 35% - was "too much violence, killing, crime shows". In another Gallup Poll released May 7, 1975, 61% said TV violence may affect youngsters. (12) Obviously Canadians are concerned about the content of television and the violence which is the staple of American programming.

Finally, one of the most significant public opinion polls over the past five years was concerned with the question of economic sacrifice which Canadians are willing to undergo in order to "buy back" Canada. This poll might be indicative of the degree most Canadians would be willing to support a pay-television system that they thought was "Canadian", even if it meant an economic disadvantage for them. The first question:

> "Now thinking about U.S. capital invested in Canada. Do you think there is enough now or would you like to see more U.S. capital invested in this country?"

	Enough Now	Like To See More	Don't Know
1964	46%	33%	21%
1967	60	24	16
1970	62	25	13
1972	67	22	11
1975	71	16	13

The second question asked in June, 1975, of 1,067 Canadian adults:

> "Some experts are suggesting that Canada should buy back a majority control - say 51% - of U.S. companies in Canada, even though it might mean a big reduction in our standard of living. Would you approve of this or not?"

	Approve	Disapprove	Qualified	Don't Know
National:				
1970	46%	32%	3%	19%
1975	58	26	2	14
By Region, 1975:				
Atlantic	64	14	1	20
Quebec	54	30	1	15
Ontario	60	25	3	12
Prairies	56	27	5	12
British Columbia	62	25	-	13

(13)

The regional breakdown is very interesting since the Atlantic region seems to support this proposition most strongly while Quebec seems to disapprove most strongly.

SUMMARY

These surveys are listed to indicate two things. First, there is very little advance consumer demand for pay television unlike the situation which occurred in the early fifties in Canada *vis-a-vis* commercial television. Therefore, it would seem that no one can legitimately claim that they are advocating the introduction of Pay-TV as a result of public demand.

Second, there is very significant and widespread public support for stronger cultural policies in general and *vis-a-vis* television in particular. There is also an apparent public acceptance of policies which would promote Canadian content even if it means putting the consumer at an economic disadvantage. A May 30, 1973, Gallup Poll stated that 65% of Canadians approved an eight week per 2 years Canadian movie quota as opposed to 17% who disapproved and 18% who were undecided. It is interesting that only 37% of the total polled said they would actually go to see Canadian movies (33% of those over 50 would see them). (14)

While this last poll may explain the wide audience American programs enjoy in Canada compared to the public outcry against American domination of Canadian business and culture, it does not change the fact that Canadians want stronger cultural legislation than they are getting. If policies are decided which do not promote Canadian cultural interest they should not be justified on the basis of "public demand". The fact is the public, according to Gallup, is much more nationalistic than government- Federal or provincial. However, government also represents business interests which are strongest and most persuasive at the multi-national level.

DESIGN FOR A CANADIAN PAY-TV SYSTEM

The role which Pay-TV will play in the broadcasting system, or Canadian society as a whole, will depend on how it is defined and structured in Canada.

The term Pay-TV can mean anything from the existing Canadian cable systems, which already connect about half of the country's homes, to the most esoteric home terminal delivering practically anything modern man could want - save perhaps a quart of milk. Similarly, there are many options which are available for structuring the system. However, we believe that, excluding transmission, there are four basic choices available in the decisions now being made in regard to Pay-TV.

The first is rejection of the entire concept. Pay-TV can be refused as inappropriate to Canada and the CRTC can recommend that its introduction be delayed indefinitely. This would allay the strong reservations, expressed in many quarters, about the potential threat of Pay-TV. It would also open up the possibility of piecemeal introduction of Pay-TV and undermine the possibility of a national Canadian system designed to benefit the public interest. Provincially licensed operations, such as Network One in Toronto, would probably proliferate and provinces such as Saskatchewan would proceed with their own plans. In both situations, Pay-TV would likely develop as a *laissez faire* American movie channel. Another major disadvantage would be the loss of Pay-TV as a means of radically increasing the funding base of Canadian production and thus serving as an agent to redress the Americanization of Canadian television.

The second option is the introduction of a pay-per-program system which would allow producers a direct return on the "box office" of their programs. The immaturity of the necessary technology, the economic complexity, and the unpreparedness of the Canadian production industry to compete in such a system at this time, all mitigate against its success. The system would

require first run American movies to make it marketable, which means that Canadian production would have difficulty competing in its present under-developed state. The necessary technology is currently immature and subject to change and its capitalization cost is estimated by Bell Telephone, one of the leading contenders for its manufacture, to be a minimum $4 per month per subscriber. Obviously this would be a significant drain of revenues away from production. We have, therefore, recommended that a pay-per-program system, despite its inherent attractiveness to producers, be delayed until its economics, technology, and demonstrable benefit to Canadian production, have improved. Introduction of such a system at this time would commit Canada to immature hardware, American product dependence, and would confront the production industry with a challenge beyond its present strength.

The third option is the American model, advocated by the cable industry, which is an $8 per month pay-per-channel system offering first-run American movies. The technology required for this option is less sophisticated, and less expensive, than that required for pay-per-program but it would still require many millions of dollars for hardware capitalization. It is based on the U.S. model of Pay-TV which is entirely inappropriate for Canada. That system was designed to meet very different problems than those facing this country, and its consumer success in the U.S. is not established: disconnections are outstripping new subscribers in the American systems. This failure has occurred despite the lure of all of Hollywood's feature film output - a lure which is culturally unacceptable in Canada.

The amount of revenue offered to Canadian production is inadequate and speculative, and certainly not sufficient to compensate for the erosion of the Canadian broadcasting system attendant upon it. It offers no credible Canadian content guarantee which defies the current regulations imposed on broadcasters and would probably result in nothing less than mutiny on their part. It would definitely result in another American channel added to the existing American overflow and thus further fragment the Canadian audience for Canadian programming.

Perhaps most offensive is the assumption of this system that cable would be promoted from their present role of common carrier to a control position.

There is nothing in the past record of the cable companies in this country which would warrant their control of any system, let alone a system with the power and future potential of Pay-TV. Cable has posed as part of the Canadian broadcasting system while functioning as an American rebroadcasting system in Canada. Its production investment record is a dismal 3.4% of revenue compared to 32% for television generally. Under cable control, Pay-TV would have little potential to do anything but repeat the disgraceful situation in Canadian theatres where Canadian production has no guaranteed access and is disconnected from revenues. The product would be American one more time and the revenues would go to hardware investment, cable operators profits, and Hollywood rentals. The Canadian production industry would be a marginal and incidental beneficiary at best. Clearly this option has little potential, now or in the future, to benefit the public interest or the interest of the Canadian program production industry.

The fourth major option is a universal, mandatory subscription system, operated as a public/private mix and using cable as the common carrier. Having considered the options available, we have concluded that this model would provide the optimum system for the introduction of Pay-TV at this time. It would generate the largest possible revenue for Canadian production at the lowest cost to the subscriber. It would utilize the Canadian market by organizing it on the basis of maximum efficiency for a small market rather than on the American basis which is only appropriate for a large market. In this area, Europe provides a much more relevant example of small market organization than does the United States.

A very appropriate strategy for market organization of Pay-TV in Canada was advanced by Michael Hind-Smith, President of the Canadian Cable Television Association, in a speech to the Canadian Broadcasting League in Halifax on August 11, 1976. Mr. Hind-Smith said:

> "...it is probably true that subscribers would be unwilling to pay for Canadian programs...directly. A strategy evolves... Cable supplies the viewer with the foreign signal that he wants to watch. Use that desire for distant signals as a lever to pry more subscriber support,in terms of increased fees to a cable-originated local program service which is not dependent on either ratings or advertiser support... In other words, the viewer wants and is prepared to

> pay for American programming, but the price of that service must be allowed to rise to permit an allocation of increased funds to the production of Canadian programming." (Emphasis in the original)

A similar strategy was suggested by the Quebec producers (see Appendix A)who claim the Quebec market is too small for a discretionary, high technology system of Pay-TV to function economically.

We agree with both the Quebec producers and Mr. Hind-Smith on the necessity of universal market organization. Such a system, employed for purposes of Pay-TV, would require no specialized technology, or "black box", to discriminate between Pay-TV subscribers and non-subscribers, which means more revenue is available for production. In our study of case histories of Pay-TV systems such as Etobicoke, it appeared that failure resulted from trying to support a huge capital expenditure with a single service. The more successful Pay-TV systems "piggy-backed" various services onto one cable system i.e. offering distant signals as well as commercial movies.

The most successful U.S. Pay-TV systems at the present time are universal ones such as Gill Cable in San Jose, California, which have followed this "piggy-back" approach. Because they could not afford the heavy hardware investment required by either pay-per-channel or pay-per-program, they have opted for a universal channel which offers their subscribers 2 new movies a month for $2 a month. Anyone who doesn't want the new service can disconnect. Few have. In fact Gill Cable has succeeded in increasing penetration on the basis of this approach.

Gill Cable raises the same amount of revenue with the universal system at $2 a month as they would have raised with a discretionary system at $8 a month, and they avoid the additional hardware expense. In other words, 100% x $2 is the equivalent of 25% penetration x $8 (25% is the average pay cable penetration in U.S. systems). For a universal model in Canada, we are suggesting a rate increase of $3 a month and assuming that $3 x 100% penetration will generate revenue equivalent to $9 x 33% penetration or $8 x 37.5%. This means that a discretionary $8 a month Pay-TV system in

Canada would have to have an unlikely 37.5% market penetration of basic cable subscribers if it were to raise the same total revenue as a $3 a month universal system. Such a penetration is utterly improbable in light of the U.S. experience. Also, pressure of amortizing the technological investment in a system with unstable revenues would force the system inexorably into lowest common denominator programming - most likely Hollywood movies - leaving miniscule air time and revenue for Canadian production.

The $3 a month universal system would raise $108 million annually. Of this, we believe $75 million could be allocated for program production and acquisition which would be primarily Canadian. Such a well financed Pay-TV system would open up new programming possibilities both on Pay-TV and off-air. It would provide the Canadian audience with high quality Canadian alternatives to the lowest common denominator programming now available. We believe that the Canadian consumer would be prepared to pay the fee increase not only to retain American channels but to have access to the kind of programming currently unavailable. Both Gallup polls cited previously in this report, and viewer analysis offered in Appendix B, lead us to believe that such a supposition is not unrealistic.

The universal, mandatory Pay-TV model is designed to actually meet the goals set out repeatedly by the Minister of Communications and others. It would offer the Canadian audience real programming alternatives to commercial television without undermining the existing off-air system. At the same time, Pay-TV can connect more Canadian producers to their own market, finance high-quality production, and significantly increase the proportion of the cable fee which supports Canadian programming.

Regional offices in a national network, operating in French and English, would provide a degree of regional autonomy while maintaining Federal jurisdiction over the system.

Most important, this model would begin an overdue process of repatriating the most significant cultural delivery system in our society: the television screen.

"WE'RE SURE REALISTIC ENOUGH TO KNOW IT AIN'T GONNA GO UNLESS THE COUNCIL OF CANADIAN FILMMAKERS AND THE HUNGRY BROADCASTERS ARE HAPPY."

COLIN WATSON
PRESIDENT, PTN
GLOBE & MAIL
MAY 29, 1976

Pay-TV must be considered in the context of our existing delivery systems and their occupation by foreign programming. The present state of those systems is a national disgrace. 96% of films in our commercial theatres are foreign. 60% of our educational films purchased by the school systems are foreign. 66% of our television viewing time is devoted to foreign programs. 93% of commercial theatrical film rentals are paid to foreign corporations. (15)

If Pay-TV is to become another statistic in that list, it will represent a larger threat, and a bigger mistake, than any of our previous decisions which have gone to create the present situation.

The cosmetic imposition of a Pay-TV system over the existing problems of our theatrical, cable, and off-air systems will solve very little unless it is designed to redress the current situation. It is not enough that it avoid further damage to those systems: it must function to correct the damage already done, or it must be postponed until such time as the basic system has been improved by other means.

PROPOSAL

For these reasons, this submission will propose an alternative model for the introduction of Pay-TV in Canada. The main functions of this model are to:

- provide an alternative television service to the Canadian audience without disrupting or damaging the existing broadcasting system;
- fund a quantum leap in independent Canadian production;
- provide a guaranteed public access to such production.

The optimum pay-television system for Canada should achieve the following four objectives.

A) Pay-TV must increase access to the medium for Canadian groups and individuals where access is now denied or severely limited because of the pressures which vertical integration of the television structure and mass audience programming create. This problem is not only acute for independent program producers, but also for such institutions as the Stratford Festival or the National Film Board.

B) Pay-TV must increase the variety of programming available to the viewer by using the subscriber-supported economic base to allow minority-interest programming to find its audience. Pay-TV must not be dominated by the lowest-common-denominator programming pressures which advertiser-supported television foster, even on the quasi-public network which the CBC has become.

C) Pay-TV must increase revenue to the Canadian program production industry. High quality programs must be developed on a regular basis. The existing television system is underfinanced and has not developed an economic base strong enough to create an internationally-competitive program production industry. While Canada cannot produce huge quantities of expensive high quality production, it is a national disgrace that we have produced so little. We have exported our raw talent rather than our finished programs. Only money can solve this problem - and lots of it over a long period of time.

D) Pay-TV must be primarily a distribution system for Canadian material. Pay-TV must not only avoid increasing the cultural alienation of our broadcasting system through overwhelming dependence on foreign production, but it must begin the overdue process of repatriation of Canadian television. We simply cannot afford the cultural price, not to mention the economic price, of yet another distribution outlet for American material.

With these four objectives in mind, the ideal Pay-TV system for Canada would probably be a universal, common carrier, pay-per-program, mandatory Canadian content service. Such a service would accentuate the fundamental economic difference between mass audience advertiser-supported television and minority audience subscriber-supported television. It would also accentuate the difference between minimum-access national network television which presently exists and open-access national network television which creates broad unchartered possibilities.

However, such a system has practical problems which mitigate against its immediate implementation. At present there is neither the program production base, nor the backlog of suitable Canadian material, to meet American competition for the consumer's relatively inelastic entertainment dollar. Therefore, without an extremely high Canadian content quota, pay-per-program would be a bonanza for American movies and Canadian production would have great difficulty getting off the ground. Time and money are needed: immediate implementation of pay-per-program would not provide either.

The technology required to provide the necessary security, metering, and billing for a pay-per-program system is both expensive and immature. The technology is evolving and becoming less expensive, but the first feasible system is probably four or five years away at least. It would be foolish to commit the future development of the Canadian market on untried hardware. We may also discover that Pay-TV cannot survive the competition from a combination videodisk/wall screen/lending library. We should not commit to any technology at this time since obsolescence of concept, as well as design, is a distinct possibility.

Pay-TV must therefore minimize the technological investment, and maximize the software investment, by making flexible use of existing technical facilities and weighting every aspect of the system towards program production.

Our proposal consists of two phases. The first phase of our proposal is designed to solve our basic programming problem and develop the production capacity needed to cope with the potential of the second phase.

Phase I is an introductory period to operate for an undetermined period of time until the cheap and reliable technology is developed for the next phase - perhaps in five years. Phase I involves no specialized technology, or "black box" and reduces costs to program production, acquisition, and transmission plus advertising and administrative overhead. It maximizes use of existing facilities and eliminates most of the costs usually associated with the introduction of a high technology Pay-TV service.

Phase II is an open access pay-per-program system which can co-exist with Phase I, or replace it, depending on our programming needs and capabilities in the future. We presume the technological problems that now exist which prevent immediate introduction of Phase II will be solved in approximately five years. However, Phase II does not necessarily have to be introduced at that time.

"IF THE NATIONAL WILL WERE THERE, IT IS POSSIBLE TO DESIGN A STRUCTURE FOR PAY-TV WHICH WOULD FULLY SERVE OUR NATIONAL AND CULTURAL GOALS, AND WHICH WOULD, IN THE LONG RUN, BE ECONOMICALLY VIABLE."

PROFESSOR HUGH EDMUNDS
DEPARTMENT OF
COMMUNICATIONS STUDIES
UNIVERSITY OF WINDSOR

PHASE I MODEL

Immediate Goals

- Establish Pay-TV as a primarily Canadian programming service, augmented by international production but not dependent on American production
- Establish Federal jurisdiction over Pay-TV
- Provide Canadian audience with alternatives to lowest common denominator programming without disruption of the existing broadcasting system
- Fund a quantum leap in all sectors of the independent Canadian production industry
- Avoid hardware capital investment and maximize use of existing facilities
- Provide access to audience for Canadian production
- Encourage return of expatriate talent

Immediate Model

- Universal, mandatory Pay-TV
- Publicly owned national network
- Cable delivery as common carrier
- Federal jurisdiction
- Pay-per-channel
- Capacity-regulated Canadian content regulations
- Variety of programming scheduled to minimize competition with existing broadcasting system
- All revenues after expenses directed to production

1. Universal Mandatory Cable Subscription

A. Every cable subscriber in the country would receive the Pay-TV channel as part of the basic cable service. The Pay-TV channel would replace an American channel presently available on the basic 12-channel VHF service where necessary. The U.S. channel would be moved to a channel available with a converter.

B. Cable rates would be increased by $3.00 per subscriber/month. Some subscribers will choose to disconnect and others will choose to connect. Assuming Pay-TV commences in 1978, and assuming that subscribers in Saskatchewan, Prince Edward Island, and Newfoundland are added to incremental increases elsewhere, the system would have a solid base of 3,000,000 subscribers. This is a deliberately conservative estimate to allow for substantial disconnects caused by the rate increase. We believe that the vast majority of subscribers will choose to pay rather than go without their American channels. Thus, the Pay-TV system will have $108,000,000 annual income without specialized hardware costs (except for transmission of the signal). The rate increase could begin six months prior to the commencement of service to provide start-up money.

C. There is no technological investment except the cost of national distribution. The "black box" is not needed because everyone with cable gets the service. This also means that a substantial revenue is assured. Penetration is a simple 100% of cable subscribers. This means that the American channels being distributed by cable are being taxed indirectly to support Canadian production. If Canadians want American channels badly enough, they will pay into a production fund for Canadian programs. Cable has been the cause of substantial economic and cultural damage. Cable could be a cause of recovery. Pay-TV revenues will be dedicated to the creation and dissemination of high quality Canadian programs.

2. Public Sector Control

A. Program development and acquisition, national marketing and promotion, and program distribution would be undertaken by a Federal Crown Corporation which we will call the Canadian Pay Television Network. This corporation would develop programming which it would provide to the cable company head-end for local distribution. It would collect the subscribers' fee from

the cable company (less fees paid to the cable company for services) and purchase or invest in programming. It will not produce programming in-house or build facilities for that purpose. Existing Crown Corporations have vested interests and bureaucracies which a new organization avoids. Past experience establishes that the development and maintenance of this system simply cannot be entrusted to private enterprise - especially since it is a monopoly system.

B. The Canadian Pay Television Network would provide national distribution of the signal. This means using the satellite as the backbone of the system with microwave connection and possibly Multipoint Distribution service to reduce earth stations to a minimum. Costs are imprecise, but such a distribution system could easily be supported for $12,000,000 annually. (see Revenue Breakdown below)

C. The organization should be divided into two language groups along the lines of CBC/Radio Canada. It should also have regional offices, with autonomy to commission a percentage of the total production budget. These regional offices could be in Vancouver, Winnipeg and Halifax with English headquarters in Toronto and French headquarters in Montreal. If a project is rejected in one regional office, it could be accepted in another. There must be a tradeoff between regional autonomy and centralized mass, but at the minimum there should be three to five offices with general budget autonomy to avoid giving one person or one group too much programming control.

D. The Corporation would also provide national media promotion and the viewers' television guide.

3. Private Sector Production

A. The CPTN would invest in programming from any available Canadian source. This would be done to a certain extent in conjunction with the CFDC and other groups. The private production community would get preference, but public agencies such as the NFB would certainly not be excluded.

B. Investment would be in both feature and non-feature production designed for theatrical and television, as well as Pay-TV, use. Funds would be available only for production which was financially and creatively controlled in Canada and which had raised a minimum of 20% of their production budget from other sources.

C. Between $25-$30 M should be allocated for big-budget feature production with remaining $15-$20 M going to non-feature production. Because of the size of the feature fund and the stipulation of outside investment, probably all feature production meeting the criteria could be funded. Non-feature production funding would be more discretionary.

D. The CPTN investment would be recouped only if the production made a profit.

4. Local Distribution

A. The cable companies would function as common carriers and CPTN would lease their services which would include billing and maintenance. They would invest in the siting of the ground station in return for a consideration. The ground station itself would be leased and serviced by Telesat.

B. Each cable company in the country would get the signal. It is possible that some systems would be too small or remote to justify live interconnection. They could be supplied on a bicycled tape basis which would remove them from live event programming. However, we believe that if the cost of earth stations are spread over the entire system, then every system should be connected.

5. Revenue Breakdown (see illustrations)

A. With our assumption of 3,000,000 subscribers at $3.00 per month, the total annual income for Pay-TV is $108,000,000. The figures below

assume an annual revenue of $100,000,000 with total annual allocation for program acquisition and production of $75,000,000.

B. Over one half of the gross annual revenue ($50,000,000) from this Pay-TV system would be spent on Canadian program production and acquisition with the balance going to transmission, administration and foreign program purchasing. The Bureau of Management Consulting report on the underfinanced film industry estimated that total annual film and video production for Canada (tv and non-tv) was $150,000,000. Thus $50,000,000 represents a one third increase over the present total Canadian production expenditure of $150,000,000.

1) ADMINISTRATION AND DISTRIBUTION COSTS - 25%

a) *12% ($12 m) - National Transmission Expenses*
This $12,000,000 annually would be spent on national transmission by satellite and microwave. This includes two transponders at $4,000,000; 200 earth stations at $19,000 leased each, for $3,800,000; three sending stations at $300,000 each (Montreal, Toronto, Vancouver); plus microwave interconnect at an average cost of $750 per year/mile; and equipment and staff.

b) *10% ($10 m) - Local Transmission*
Would be paid to local cable operators to lease their systems as common carriers and would cover their increased service/administration costs with a margin for profit.

c) *3% ($3 m) - Canadian Pay Television Network Administration*
To cover CPTN's overhead and promotion and marketing expenses for the entire system. The CFDC runs on an overhead under $500,000 annually.

2) PROGRAM PRODUCTION AND ACQUISITION COSTS - 75%

a) *30% ($30m) - Foreign and Domestic Program Acquisition*
The network should program 8 hours daily in each language with substantial repeat programming and dubbed programming exchanged

between the French/English divisions. Each language network would schedule an average 8 hours daily or 56 weekly or 2,912 hours/year using approximately 1,000 hours of new programs. This means approximately $30,000,000 to buy 2,000 hours of programming per year (based on 1,000 hours for the English network and the same for the French). This breaks down to about $15,000 per hour for acquisition only, excluding production fund investment,with more paid for features and specials, and less paid for midnight and minority audience programming. Our sample schedule starts in Year I with 34 hrs/weekly and grows to 74 hrs/weekly. although this level may not be reached for several years.

Quantity of Canadian vs. non-Canadian programming purchased would reflect content regulations. Canadian productions aided by the fund (below) would not necessarily be purchased by the network, but it would hold the Pay-TV option on such productions.

b) *45% ($45 m) Canadian Program Production Fund*

This fund would be divded into two parts. Approximately 30% of the gross revenue ($30,000,000) would be made available for feature film investment (to be recouped only when the film reaches a profit position). The objective would be 26-30 large budget, high-quality feature films annually. This fund would only invest in films which had a minimum 20% of their budget from private sources and were financially and creatively controlled in Canada, It would complement the CFDC and 100% Capital Cost Allowance,as well as a proposed theatrical levy,to create a firm financial base for feature production.

The CPTN investment would be recouped if and when the film reached a profit position. That recoupment would be returned to the fund. If nothing is returned to the fund, it would still have an annual income of $30,000,000.

The CPTN would purchase these films with money from the above program acquisition budget which is separate from the investment fund.

The second part of the fund (15% or $15,000,000.) would be advanced for non-feature production. This sum could include a substantial amount to be invested in independently-produced commercial television production for the networks. The purpose of this money would be to raise the budgets for independent producers and raise the quality of Canadian off-air television. This investment could be recouped from foreign TV sales when the program reaches a profit position.
The relative percentages of feature and non-feature investments could be subject to adjustment.

6. Programming

A) *CANADIAN CONTENT*

The Canadian content of the schedule should not fall below 60% of total time and should reach 80% when production is in full stride. Foreign programming from any single country should not exceed 15% of the total air time.

The Pay-TV schedule will have a substantial number of repeat telecasts and limited programming daily. These two factors would allow higher quality production than commercial TV could produce for similar money (meaning substantial program development and production budgets).

Canadian content would be strictly defined to exclude essentially non-Canadian films. The CRTC definitions could provide a model. However the present definition for purposes of the Capital Cost Allowance is extremely loose. It has invited abuse and should not be copied.

The accompanying sample schedule was designed to illustrate the following:

- programming should be primarily Canadian with a 60% Canadian content minimum, rising to 70% as capacity increases, but with 80% required in prime time.

- international programming should be used extensively to fill out schedule and complement Canadian programs up to a maximum of 40%.

- to avoid any country monopolizing foreign programming time, the percentage of programming scheduled from any single source should be restricted to 15% maximum. Numbers of foreign and American programs permissable in each time slot weekly, under these regulations, appear in the right hand columns of the schedule.

- this schedule assumes the showing of 4 American films a month, 2 premieres, 2 repeats. This would require purchasing 26 new American films annually.

- it assumes the same number of Canadian films monthly on the same basis. We believe it is not unrealistic to supply 26 Canadian features in the first year of operation, on the basis that Canadian Film Awards averages 15 feature entries annually and there are at least a dozen Canadian films in release this year, as well as a substantial backlog of now classic Canadian films.

B) *FURTHER USE*

After Canadian programs funded by Pay-TV are screened on the Pay-TV network, these programs should be made available to commercial Canadian television for a nominal sum. Thus, Pay-TV programs would reach the non-cable market (roughly half the country right now) and these cheaply purchased programs would allow commercial television to meet Canadian content regulations easily and increase the budget of their other Canadian programming. This last point is crucial. The CRTC must see that money saved by buying Pay-TV programs is really spent on higher budget Canadian programs produced for commercial television.

Summary of Phase I Model

THE NETWORK

The Canadian Pay Television Network (CPTN), established as a Crown Corporation, would have a French counterpart. Both networks would perform the following duties:

1) purchase Canadian network programming in French/English
2) purchase foreign network programming in French/English
3) schedule network programming
4) transmit the network programming to all cable operators in Canada
5) receive and administer monthly revenue paid by 3 million cable subscribers via the cable operators
6) provide monthly program guide to all cable operators for distribution to cable subscribers
7) administer their respective allotments from the Canadian production fund
8) provide national promotion for their respective networks in French/English
9) undertake dubbing or subtitling of major material on each network
10) establish 3-5 regional offices to purchase and fund regional production
11) certify Canadian program content and maintain CRTC content regulations
12) monitor CRTC anti-siphoning regulations
13) negotiate foreign sales of network programming using market reciprocity as a lever in dealings with the U.S.

NATIONAL DISTRIBUTION

1) National distribution of both networks would be done by satellite/microwave/cassette combination.
2) Costs of this transmission would be paid by the network.

LOCAL DISTRIBUTION

1) Every cable operator in Canada would be required, as a condition of license, to carry CPTN. Thus every cable subscriber in Canada would receive the pay network guaranteeing 100% penetration of the 3 million cable subscribers in Canada.

2) The network would be carried on the basic cable service requiring that an existing American channel move over to converter service.

3) Each cable system would carry CPTN in the language of the majority of its subscribers on its basic service. The other language network would be carried on the converter service. Thus the network programming in both languages would be available to all cable subscribers, though the minority language in each case would be less accessible.

4) Each cable system would be responsible for billing, customer servicing, and maintenance of the network on its system.

5) No new technology would be required for this delivery, thus there would be no capital investment in hardware.

FUNDING

1) The basic cable subscription rate would be increased $3/ month to accommodate CPTN.

2) This revenue would be collected from subscribers, and submitted to CPTN, monthly by each cable system.

3) The increase in basic cable rate would be introduced 6 months prior to commencement of the service.

4) Total annual revenues would equal $108 million based on a projected 3 million subscribers by 1978.

5) These revenues would provide a large stable fund which would not fluctuate even if CPTN were slow to capture an audience in this initial phase.

6) Revenue allocation as per accompanying charts.

FURTHER USE

1) Pay-TV programs would be sold to Canadian commercial television for a nominal sum on condition that money saved would be used to increase quality of their Canadian programming.

1) The above model for the introduction of Pay-TV would provide a supplementary, and complementary, national network offering a rich mix of alternative programming for minority, as well as mass, audiences. We believe that the net effect on cable operators, off-air broadcasters, audiences, and the program production industry would be positive and that the system has the potential to reverse most, if not all, of the drains which now exist on the production industry.

2) The benefits directly provided to production, and indirectly provided to other sectors:

- it would create the secure financial base, and guaranteed market, necessary to support the development of a viable production industry

- it would make an asset of the fact that Canada is the most cabled country in the world by utilizing that existing technology

- create an audience appetite for good Canadian production

- open media access to the performing arts, NFB, and other groups which now suffer from very limited access

- to the extent that Pay-TV would wean movie audiences away from the commercial theatres, where all revenues go to foreign companies, it would benefit a system where all revenues go to Canadian production

- it would overnight turn Canada into a net importer of film talent and reverse the historical flow of our best talent out of the country

- because of the massive infusion of production funds from a stable and guaranteed source, it would create a temporary "hothouse" environment for Canadian production which would allow it to recuperate from its present emaciated state and prepare the expertise and material on which the success or failure of a pay-per-program system would ultimately depend

- assure Federal jurisdiction

- create a third network appreciably different from the existing networks and offering a large amount of non-American international programming.

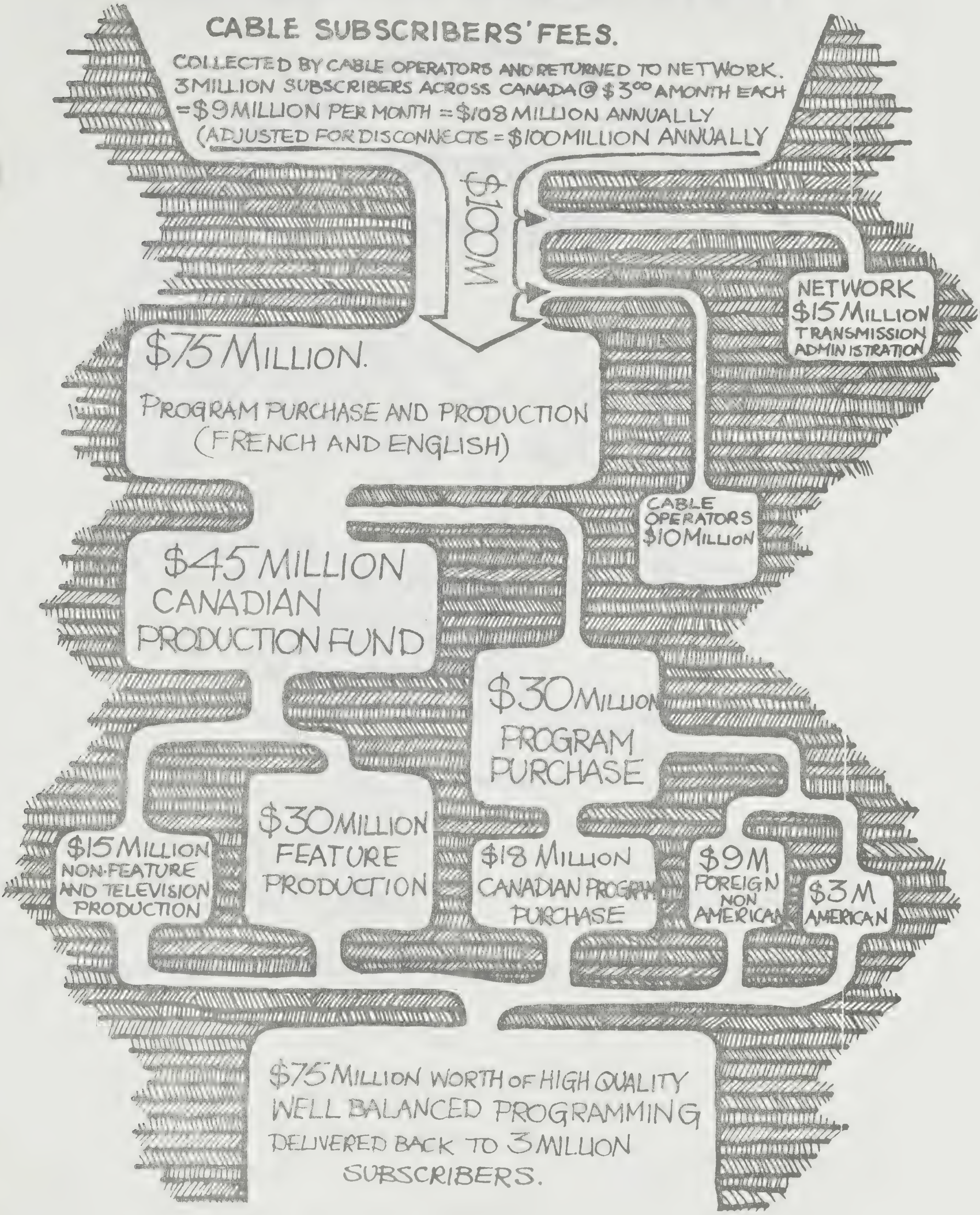
- prevent Canadian Pay-TV from becoming American product dependent

3) With the advent of new technologies, a pay-per-program system of Pay-TV is eventually inevitable. In its present state, the Canadian program production industry would be severely disadvantaged, if not obliterated, in such a competitive situation. Until new regulations are formed, it appears that the video disc could bypass Canadian content regulations once a pay-per-program system was in operation. It therefore would seem that the most appropriate response to Pay-TV in Canada at the present time, would be to prepare ourselves to compete.

We believe this is the optimum model for achieving that goal given the technical, economic and political realities of the present situation.

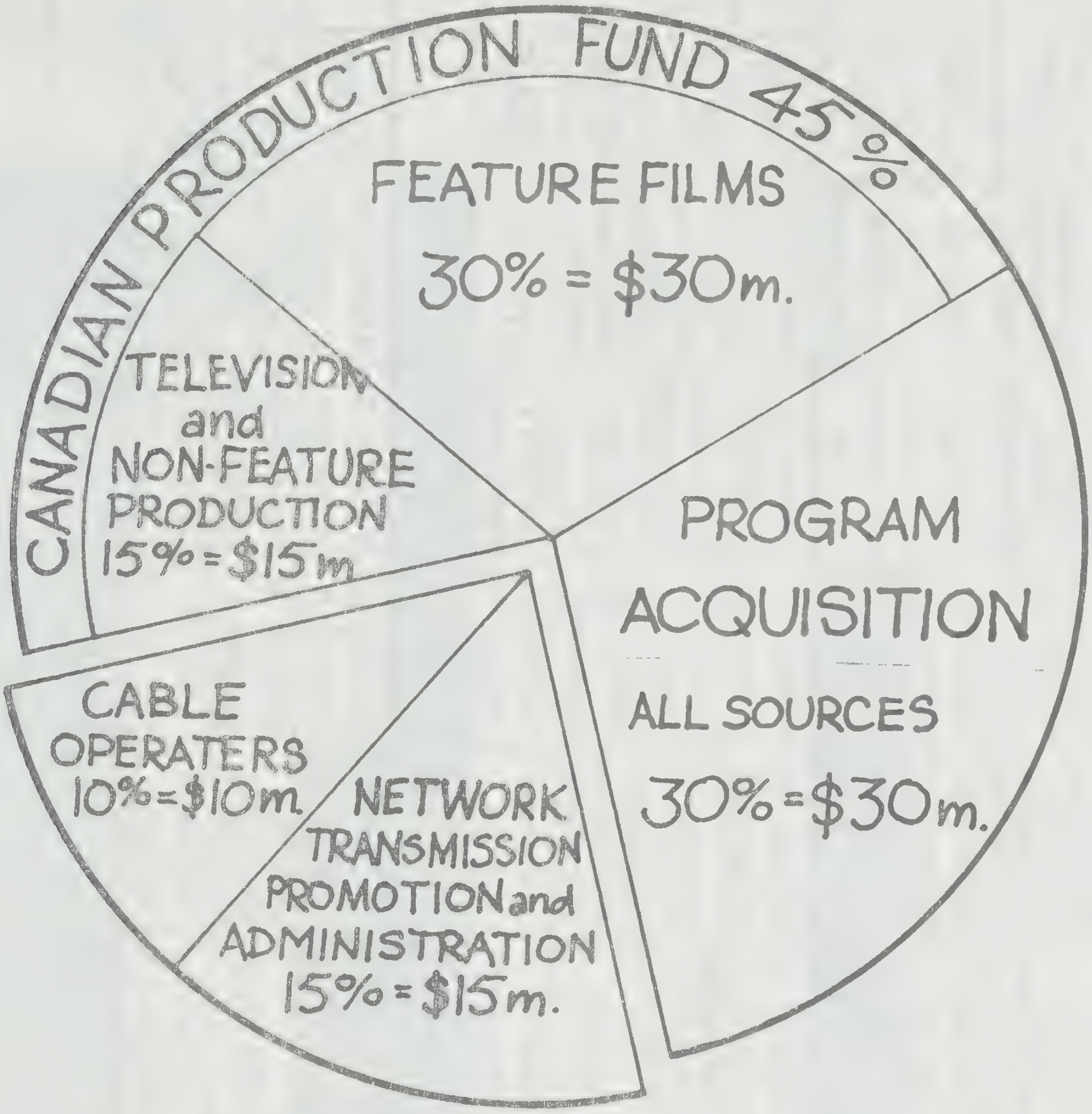
CANADIAN PAY TELEVISION NETWORK

FINANCIAL FLOW CHART



CANADIAN PAY TELEVISION NETWORK.(C.P.T.N.)

ALLOCATION OF ANNUAL REVENUE



TOTAL ANNUAL REVENUE	$100 MILLION
TOTAL PRODUCTION = 75%	$75 MILLION
TOTAL HARDWARE AND ADMINISTRATION = 25%	$25 MILLION

C.P.T.N. SAMPLE SCHEDULE. FIRST THREE YEARS OF OPERATION.

EAR	TIME	MONDAY	TUESDAY	WEDNESDAY	THURSDAY	FRIDAY	SATURDAY	SUNDAY	REQUIRED CANADIAN CONTENT	MAXIMUM NUMBER FOREIGN PROGRAMS	MAXIMUM NUMBER AMERICAN PROGRAMS
1978	10 AM.										
	NOON.										
	2 PM.	BEST OF NFB	REPEAT MOVIE 'A'	BEST OF CBC	REPEAT MOVIE 'B'	BEST OF NFB	REPEAT MOVIE 'B'	REPEAT CANADIAN FILM THEATRE	60%	3	1
	9 P.M.	MOVIE 'A'	REPEAT CANADIAN FILM THEATRE	MOVIE 'B'	MUSIC / BALLET SPECIAL	REPEAT MOVIE 'A'	CANADIAN FILM THEATRE	NON BROADCAST SPORTS	80%	1-2	1
	MIDNIGHT.					R·RATED MOVIE 'A'	R·RATED MOVIE 'B'	R·RATED MOVIE 'A'	20%	2	0
1979	10 AM.										
	NOON.	CHILDRENS CINEMA	NFB CHILDREN	CHILDRENS CINEMA	NFB CHILDREN	NFB CHILDREN	CHILDRENS CINEMA	NFB	60%	3	1
	2 PM.	NFB	REPEAT MOVIE 'A'	NFB	CANADIAN MELODRAMA SERIES	REPEAT MOVIE 'B'	NFB	REPEAT CANADIAN FILM THEATRE	60%	3	1
	9 PM.	MOVIE 'A'	LIVE CANADIAN THEATRE	REPEAT CANADIAN FILM THEATRE	MOVIE 'B'	MUSIC SPECIAL	CANADIAN FILM THEATRE	NON BROADCAST SPORT	80%	1-2	1
	MIDNIGHT.	R·RATED MOVIE 'B'	R·RATED MOVIE 'C'	R·RATED MOVIE 'A'	R·RATED MOVIE 'B'	R·RATED MOVIE 'A'	R·RATED MOVIE 'C'	R·RATED MOVIE 'A'	20%	5	1-2
1980	10 AM.						NFB CHILDREN	CHILDRENS CINEMA	70%	0	0
	NOON.	CHILDRENS CINEMA.	CHILDRENS PROGRAM	NFB CHILDREN	CHILDRENS PROGRAM	CHILDRENS CINEMA	NFB	NFB	70%	2	1
	2 PM.	CANADIAN MELODRAMA SERIES	REPEAT MOVIE 'A'	CANADIAN MELODRAMA SERIES	CANADIAN MELODRAMA SERIES	REPEAT MOVIE 'B'	NON BROADCAST SPORTS SPECIAL	REPEAT CANADIAN FILM THEATRE	70%	2	1
	7 PM.	NFB	MINORITY AUDIENCE PROGRAMMING	NFB	MINORITY AUDIENCE PROGRAMMING	NFB	JAZZ CONCERT	BALLET	80%	1-2	1
	9 PM.	MOVIE 'A'	LIVE CANADIAN THEATRE	REPEAT CANADIAN FILM THEATRE	MOVIE 'B'	CONCERT	CANADIAN FILM THEATRE	NON BROADCAST SPORTS	80%	1-2	1
	MIDNIGHT.	R·RATED MOVIE 'B'	R·RATED MOVIE 'C'	R·RATED MOVIE 'A'	R·RATED MOVIE 'B'	R·RATED MOVIE 'C'	R·RATED MOVIE 'A'	R·RATED MOVIE 'D'	30%	4	1

PHASE II MODEL

Long Range Goals

- Restructuring Canadian viewing patterns
- Opening producer access to the broadcasting system
- Providing alternative and minority audience programming for Canadian viewers
- Providing direct return on gross earnings to producer
- Ensuring public control of wired city communication services
- Universal availability
- Fund a strong and internationally competitive program production industry

Long Range Model

- Universal
- Pay-per-program
- Common carrier
- Publicly-owned national network
- Cable/off air delivery

1. Pay-Per-Program

A. We assume that for a period of five years at least, Phase I will be sufficient. At that point, when the cost of pay-per-program technology has declined and its efficiency has increased, we think Phase II should begin. This channel could occur in place of, or parallel to, Phase I depending on the success of Phase I.

B. Phase II would be delivered both by cable and off-air to allow universal access (both by program producers and viewers). It would be tied into a cable system which would offer many other services as Phase II is in a future that contains the wired city. However, that step should be taken only when the program production industry is fully functional.

Summary of Phase II Model

THE NETWORK

A pay-per-program, common carrier, national network, publicly controlled, offering open and primary access for Canadian producers, and direct return to Canadian producers, with the following duties:

1) acquire all foreign programming

2) distribute all foreign and all Canadian programs which want national access

3) national delivery by satellite, microwave or cassette delivery depending upon efficiency

4) allocation of incentive fund

4-7 REGIONAL DISTRIBUTION CENTRES whose duties are:

1) scheduling of programs for their area, giving primacy of access to Canadian programs and scheduling foreign material only after all Canadian programs wanting access to the system are accomodated

2) or scheduling on the basis of a 60-80% Canadian content quota with a limit of 10% on the amount of foreign programming allowed from any one source

3) commissioning and purchase of local production as part of Canadian content requirement

4) distribution of Pay-TV throughout entire area licensed to serve using a combination of rented UHF over-the-air or cable delivery, whichever method is in place and is most efficient for each locality

5) publicity and provision of monthly program guide

6) regional accounting, billing and customer service

Financial Returns

NETWORK:	10% for operating expense
REGIONAL AFFILIATES:	40% operating expense
PRODUCER:	50% (Canadian) 25% (foreign)

The differential 25-50% on the return to foreign producer to go into an incentive fund which a) makes loans to producers b) returns a levy to the producer based on performance c) subsidizes publicity costs for Canadian programming.

"FOR TOO MANY YEARS NOW BROADCASTERS, THEATRE EXHIBITORS, CABLE COMPANIES HAVE PAID LIP SERVICE TO THE NEED FOR CANADIAN SHOWS. PROTESTING FRUSTRATED VIRTUE ALL THE WAY, THEY CONTINUE TO JAM SCHEDULES SO TIGHT WITH IMPORTED CULTURE THAT CANADIAN PRODUCTIONS GO MOSTLY UNSEEN.....PAST EXPERIENCE SHOWS THAT VIRTUALLY ALL PROMISES MADE IN LICENSE APPLICATIONS ARE SOONER OR LATER SHUNTED ASIDE BY THE NEED OR DESIRE TO MAKE MAXIMUM PROFITS. EVERY "PERCENTAGE" DEVICE TO INCLUDE CANADIAN CONTENT IS QUICKLY SIDETRACKED IN SPIRIT, IF RELUCTANTLY OBEYED IN THE LETTER. THE TOKEN CANADIAN CONTENT PROMISES - FIFTEEN PERCENT OF DOLLAR REVENUE - THAT ARE ALREADY BEING BANDIED ABOUT FOR PAY-TV WILL PROVE EQUALLY MISLEADING."

CANADIAN FILM AND TELEVISION ASSOCIATION

BRIEF TO THE CRTC SEPTEMBER, 1976

RECOMMENDATIONS

1) THE AMERICAN MODEL OF PAY-TV SHOULD BE REJECTED AS INAPPROPRIATE TO CANADA.

2) PAY-TV MUST BE STRUCTURED TO MAKE A MAJOR CONTRIBUTION TO THE STRENGTHENING OF THE CANADIAN PROGRAM PRODUCTION INDUSTRY, OR IT MUST NOT BE INTRODUCED.

3) PAY-TV SHOULD BE CONCEIVED AS PART OF A STRATEGY TO CONNECT ALL PROGRAM DISTRIBUTION SYSTEMS IN CANADA TO INDIGENOUS PRODUCTION.

4) A PAY-TV NETWORK IN CANADA SHOULD BE A PUBLIC MONOPOLY.

5) PROGRAM PRODUCTION FOR PAY-TV SHOULD BE INDEPENDENT OF THE NETWORK.

6) CABLE SYSTEMS SHOULD BE LIMITED TO THE ROLE OF COMMON CARRIER.

7) NO INVESTMENT IN PAY-TV HARDWARE SHOULD BE MADE IN THE NEAR FUTURE.

8) CANADIAN PAY-TV SHOULD CARRY PRIMARILY CANADIAN PROGRAMMING, WITH STRICTLY LIMITED ACCESS FOR AMERICAN PROGRAMMING.

9) AMERICAN ACCESS SHOULD BE CONTINGENT ON RECIPROCITY FOR CANADIAN PROGRAMMING ON AMERICAN PAY-TV.

10) ALL NET REVENUES OF PAY-TV SHOULD BE DIRECTLY INVESTED IN CANADIAN PROGRAM PRODUCTION.

11) VIDEODISK SYSTEMS SHOULD NOT BE ALLOWED UNCONTROLLED ENTRY INTO THE CANADIAN MARKET.

12) THE BEST WAY FOR PAY-TV TO SERVE BOTH THE PROGRAM PRODUCTION INDUSTRY AND THE VIEWING PUBLIC IN CANADA IS TO:

- phase it into operation
- establish a publicly-controlled, universal, mandatory, subscription system as the basis for the introduction of Pay-TV
- proceed to a pay-per-program, common carrier network when technology, economics,and the strength of the Canadian production industry permit.

13) THE NATIONAL INTEREST SHOULD BE THE PRIMARY REFERENCE IN RESOLVING THE CONFLICTS INHERENT IN THE INTRODUCTION OF THIS NEW DELIVERY SYSTEM.


NON
PAY$
TV

CONCLUSION

THE CRISIS IN CANADIAN BROADCASTING

The problem with the Canadian broadcasting system is that it isn't Canadian. It is a North American system, fully integrated with the United States.

That integration is a one way street. Americans do not have access to Canadian television programming, but many Canadians have greater access to American prime time television than do the majority of Americans. In fact, Canadians in the major centres have more television programming alternatives than exist anywhere else in the world. CBC and CTV networks carry foreign programs simultaneously for 25% of their prime time schedule. What they don't deliver, cable does. The situation is most acute in dramatic programming. According to ACTRA, 1.1% of CTV's prime time schedule is Canadian drama while 64% is foreign drama.

The price of this extravagance is high. More money is spent each year to import American movies and television than is spent to produce Canadian programs. Similarly, more money is spent each year on our sophisticated satellite communications technology than is spent on Canadian programming.

The irony is that Canadian programming is a decreasing minority, with a decreasing audience share, on our extensive and expensive communications highways. In Toronto, with its multiplicity of channels, 18% of prime time viewing is devoted to Canadian programming. In the hockey off-season that percentage drops to the point that Torontonians are giving almost 90% of their television attention to the U.S.

In sum, what we have done over the course of our twenty-five year television history is reverse the relative positions of indigenous and imported production. We have developed a broadcasting system which is American product - dependent and hardware-heavy. Both trends have served to displace our own programming.

Along the way, the Fowler Report cautioned:

> "The only thing that really matters in broadcasting is content; all the rest is housekeeping."

That was in 1965. By 1970 the spread of cable, posing as part of the Canadian broadcasting system but functioning as an American re-broadcasting network, lent a new impetus to the erosion of the Canadian system and brought us to the situation we face today in broadcasting.

PAY-TV: TURNING A CRISIS INTO AN OPPORTUNITY

Historically, the proliferation of choice in Canada has simply meant the proliferation of American programming. Pay-TV, at this point, is being defined by the American experience which presumes American content. As such, it is being rigidly rejected by many sectors on the basis that it will inevitably further fragment the Canadian television market with another wave of foreign programming, and compound the present problems of the system.

The Canadian public has rejected Pay-TV and put the lie to any claims that Pay-TV will fill a consumer demand. Gallup has reported that 47% of Canadians are "not at all interested" in Pay-TV, defined as an American movie channel, and a scant 8% indicate they would definitely subscribe. This result may be related to an earlier Gallup Poll which showed 59% of Canadians believed there was too much American influence in our media.

In any case, there seems to be widespread belief that Canada needs Pay-TV like Baskin-Robbins needs another flavour of ice cream. Given our history, and the present public indifference, rejection of the concept of Pay-TV in Canada seems reasonable. However, this rejection isn't practical. There are two forces which indicate that the introduction of Pay-TV in Canada is inevitable.

The technology of the wired city, where Pay-TV will be merely part of a total pay-information system, is developed and seemingly ready to bring on a revolution in delivery which seems certain to tow Pay-TV in its wake. More immediately, jurisdictional conflict between the Federal Government and the provinces has created regulatory loopholes which are already being

filled by competing and conflicting Pay-TV operations, frequently based on the American model.

Therefore, the relevant questions about Pay-TV in Canada are "when" and "how", not "if". The temptation will be to proceed quickly with a version of the American system. The challenge will be to take the time to design a system of Pay-TV for Canada which is Canadian; a system which will act as a catalyst in reversing the present trends, rather than one which will act as another Hollywood conduit to the Canadian market.

If the former course is followed, Pay-TV will have every potential for living up to the most dire predictions of the damage it can do to Canadian broadcasting. With the traditional forces prevailing, there is little reason to expect that we wouldn't wind up witn the traditional result on a grand scale. The fox would be back in charge of the chicken coop, and the profit motive would run away with the purpose.

However, if Canada opts for the latter course and designs Pay-TV as a Canadian system providing the missing link between the Canadian consumer and the Canadian producer, it has the potential to become "the beginnings of a national policy of cultural security for Canada". As such, Canada needs Pay-TV.

In other words, we believe Canada can be defeated by Pay-TV if it is defined as a delivery system with expensive hardware paving another highway for American programming. However, we can benefit from Pay-TV if it is defined as a Canadian programming alternative with revenues directed to Canadian production.

The Minister of Communications, Hon. Jeanne Sauve, has recognized this potentially positive connection between Pay-TV and Canadian production. In April, 1976, she told the Canadian Association of Broadcasters:

> "I am absolutely convinced that unless we take direct action immediately to enhance the production capability of Canadian broadcasters, Canadian broadcasting will go the way of the Saturday Evening Post."

In her Pay-TV announcement to the Canadian Cable Television Association in June, 1976, the Minister posed this question:

> "...could not pay television make a contribution to solving the most crucial problem in Canadian broadcasting, that is the underdeveloped state of the Canadian program production industry."

Certainly, Pay-TV has no intrinsic appeal to Canada and there is little to commend the concept other than its ability to fund Canada's preparation as a major program producer. Pay-TV does present the Government with an opportunity to fund Canadian production on a scale which appears to be otherwise impossible. Its ability to actually do that will depend on its definition or structure. Anatomy is destiny. What content Pay-TV carries; how it is financially organized; and who controls it will determine Pay-TV's role in Canada's cultural future.

The present advantage is that those questions are open. There is no vested interest which must be regulated after the fact; there is no large investment in hardware which must be protected; there is no public clamour for a specific Pay-TV model. We are free to design a system which meets our own needs. Pay-TV may be the last major new communications system where freedom of design is so complete. Videodisks and other systems on the horizon promise far more complexity.

In this report we have proposed a model for Pay-TV which we believe has the ability to solve "the most crucial problem in Canadian broadcasting". It reverses a number of assumptions which seem to have guided Canadian broadcasting: content takes precedence over hardware; Canadian programming takes precedence over foreign; and high quality and/or minority interest programming, has equal sway with lowest common denominator commercial choices.

Specifically, we have proposed a phased introduction of Pay-TV beginning with a cable-carried, subscriber-supported network, under federal jurisdiction, with mixed public/private participation delivered to all cable subscribers in Canada as a condition of cable license. This model involves no specialized hardware expense, returns 75% of revenues to programming, and is predicated on Canadian content with a wide choice of international

programs accessible by strictly limiting production from any one country, such as the United States. The purpose of this initial phase is to provide a dramatic increase in the funding of quality Canadian production and to prepare the production industry to compete in the second phase which we have proposed as an open access, pay-per-program system.

FINANCING CANADIAN PRODUCTION

If the "most crucial problem in Canadian broadcasting" is the Canadian production industry, the most crucial problem in the Canadian production industry is money. The industry is 50% underutilized. It operates on a total annual expenditure for all film and video of $150 million which means it is underfinanced by hundreds of millions of dollars based on a per capita comparison with other nations and the requirements of our geography and languages. As a result, Canadian program production has simply failed to keep up with the demands of Canadian television. Not because it lacks the talent -- which has been one of our more important national exports -- nor because it lacks the technical capacity -- as the Tompkins Report confirmed -- but because it lacks the stable financial base with which to provide continuity of production and maintain the talent pool.

More than any other single factor, production is a function of money. The true capacity of Canadian production has never been reached, either quantitatively or qualitatively, because Canadian production has always been underfinanced.

Unlike the U.S., a primary objective of Pay-TV in Canada must be the financing and distribution of Canadian programs. If Pay-TV in Canada can do this on a major scale, it should be introduced. If it cannot, it is not a valid concept for Canada and should not be introduced.

Those may seem stern criteria but it depends on how we perceive our national priorities. If they include putting our communication systems to work for us, and reducing American product dependence, they make sense. No matter what the technological innovations of the future, the only real defence against over-importing foreign product is a healthy, competitive production industry on a sound financial base. Only such an industry can

help recover our movie houses and our prime-time television, or occupy our media of the future. Only Pay-TV is left to undertake the development and funding of that industry - a responsibility abdicated or neglected by existing distribution systems.

Increasingly, strength of program production, rather than regulation of distribution, will be the only solution to the problem of cultural assimilation through the electronic media. The pursuit of more and more personalized information/entertainment technology is an inexorable trend. The difficulty will be in maintaining a Canadian presence and dominance on these multiplying delivery systems which will become more difficult to regulate. Unless videodisk, videotape players, and whatever else the future holds, are banned from Canada (politically difficult to say the least), or their technical standards are made incompatible with U.S. systems (equally difficult), they will pose a formidable cultural threat which is much greater in the long run than Pay-TV, which can, at least, be regulated.

These systems add to the already compelling reasons for creating a functional program production industry which can take advantage of the new technology, rather than be swamped by it.

ORGANIZING A SMALL MARKET

The history of Canadian television and movies confirms that we cannot replicate American market organization in Canada if we expect to have our own system. American product dependency is cheap and efficient in the short term, but it is expensive and inefficient in the long term, resulting in wholesale Americanization of Canadian systems.

It has meant that the economic reality for Canada is that it is cheaper to import than produce programming for our markets. That commercial imperative has manifested itself not only in theatres, private television, and cable, but it has even permeated the CBC. Entrepreneurs in Canada have made a comfortable living as agents of American products, and in the process contributed little to Canadian social and cultural objectives.

The cause of underfinancing in the Canadian production industry is not so much the small size of the Canadian market (and the smaller size of the francophone market), but the manner in which the Canadian market has been organized to support foreign, instead of indigenous, production. Small markets must be organized differently than large markets, if they are to maintain their integrity, and Canada can no longer afford the wastefulness of entrepreneurial trial and error of the American system which is efficient in a large market with foreign appendages, such as the United States, but not in a small market such as Canada.

Our existing distribution systems are economically structured against Canadian production and treat it largely as a common aversion imposed on an unwilling system by regulation. This attitude is akin to teachers who claim the school system would work perfectly if it weren't for the students.

If we are to alter our broadcasting system and change the relative position of domestic and imported production, we are going to have to begin by re-organizing our market to take into account its size and the objectives we want to achieve.

How can Canadian cultural objectives be met within the small Canadian market on an economically viable basis? Many people have attempted to answer this question by suggesting that Canadians will have to produce primarily for the export market. This leads to sterility and, too often, production of international nonsense such as Canada is now producing in theatrical features. Significant cultural expression is always rooted in a specific time and place: Bergman, Fellini, and Truffaut, as well as Hollywood, confirm that if you don't belong first in your own market, you won't belong anywhere.

A more appropriate solution is to structure the domestic market along more efficient lines designed to support indigenous production and export from that base. Our small market presents only two realistic options. Either we can continue to integrate it with the larger American market on the basis of private enterprise control which results in an electronic Gresham's Law that sees dumped American programming forcing out indigenous programming; or we can organize our market differently on the basis of public enterprise

control; cross-subsidization; universal approaches to maximize returns from the market; and taxing foreign content to support indigenous production, as is done in many European countries with small markets.

If we want a broadcasting system which works for Canada, we are going to have to disengage it from U.S. dependence and that means we are going to have to pay more for it than we have done in the past. In addition to levying the importation of foreign programming, there are three ways we can do this. We can charge the advertiser more and pay higher prices for our consumer products. We can increase the Parliamentary appropriation and pay higher taxes. Or, in the case of cable-delivered services, we can increase subscriber support for programming by raising the cable subscription rates. We recommend this approach.

PUBLIC ENTERPRISE

The problem of the small size of the Canadian market, and the inability of private enterprise to meet the social and cultural goals of the country within the limitations of the market, has in the past forced the Government to adopt the "public enterprise" solution. Canada has a dynamic history of innovation and creative entrepreneurship in public enterprise.

The public interest has had to depend on this initiative from the earliest canals and the public funding of the Canadian Pacific Railway to Ontario Hydro, Canadian National Railway, Air Canada, and Polysar. It is no coincidence that our cultural institutions, from the CBC to the NFB, Canada Council, National Gallery, and CFDC, are public operations. The Government has been forced to step into this area because private enterprise would not, or could not, take the risks of indigenous production on a large scale.

Canadian businessmen have preferred to market foreign products as a franchise agent. The existence of any Canadian production in fields such as private broadcasting is the result of regulation rather than private initiative. Without the CRTC, the private networks would likely have concluded years ago that the Canadian public "wanted" no Canadian programs at all except hockey.

However, the issue is not strictly ideological. Even a dogmatic free enterprise banker like Sir John Aird understood that the national interest should supercede private enterprise theory when that theory leads to absorption in the American market. His 1929 Report on broadcasting conceived the public network. Despite this conception and prescient warnings from men like Graham Spry who pointed out it was either "The state or the States", the role of public enterprise has declined. The public broadcasting system is in a minority position within the Canadian broadcasting structure and the most obvious consequence is an ever dwindling proportion of Canadian programs on Canadian television.

Public control seems to be the best guarantee that broadcasting will serve social, rather than entrepreneurial, goals. We believe that Pay-TV should be controlled by public enterprise with program production drawn from the private sector, rather than the CBC/NFB models of in-house production with their tendency to bureaucratization. There is no reason why Pay-TV cannot benefit all elements of the broadcasting mix - cable, off-air, and producers - without being controlled by any of those elements.

FEDERAL/PROVINCIAL JURISDICTION

While the present mess in broadcasting is the responsibility of the Federal Government, there is no solution to be found in turning over Pay-TV, or any form of communications, to the provinces.

The provincial claim to jurisdiction over Pay-TV is based on the concept that closed circuit communications, including television, is not "broadcasting". This means that a Pay-TV system which does not have an off-air component to its signal is a "local work and undertaking" which, according to the BNA Act, is provincial jurisdiction. Despite CRTC disapproval, Network One in Toronto continues to operate as a closed circuit Pay-TV system under Provincial license.

Federal jurisdiction of Pay-TV is essential because national integrity requires national communications. A single national system, divided into French and English operations, with regional production centres, makes efficient national organization of the market possible. It allows economies

of scale which can direct more revenue to high quality program production than any number of smaller systems could do. Certainly the smaller provinces cannot generate enough production revenue from their markets to produce high quality, competitive programming. A Federal system able to draw on a national market will be less tempted than smaller provincial systems to increase American programming on their schedule because it is cheaper than their own programs.

A provincially-controlled Pay-TV network is also more likely to be turned over to private enterprise in a number of cases with a predictable cultural result.

The entire provincial record of cultural regulation, notably in the motion picture market, does not augur well for provincially controlled Pay-TV. The appended sample schedule of Saskatchewan's proposed Pay-TV network adds to the fear that provincially-controlled Pay-TV systems will rely on massive importation of American programming in order to make their commendable local programming objectives viable in their small market. At that point the provinces would begin to learn the hard way what the Federal system has already made clear. Finally, ten competing and conflicting approaches to Pay-TV will further fragment an already small market and contribute to the cultural dilemma which Pay-TV should be counteracting.

The question of Quebec is unique. There are two language markets in Canada and separate control of each of these markets is rationally possible. Further division within the anglophone market is not, although Federal jurisdiction does not preclude regional production centres or autonomous regional program budgets.

Although the Parti Quebecois may see things differently, the basic issues of Pay-TV are the same for Quebec as they are for the rest of Canada. The problems of a small market are even more relevant for a francophone network than they are for the anglophone system. Thus, if a universal/mandatory form of Pay-TV makes the best economic and cultural sense for English-Canada, that form makes even more sense for Quebec.

As the Quebec film producers pointed out in their October, 1976, brief to the CRTC, universal/mandatory is the only approach capable of generating

sufficient revenue to permit an indigenously programmed Quebec Pay-TV channel. Whether the Quebec system is under Federal or Provincial jurisdiction, it is advantageous for Quebec to co-operate with the English-Canadian system (and vice-versa) for purposes of cross-subsidization, foreign program purchases, and continental transmission costs. A Quebec Pay-TV system which is completely separate would probably be able to raise only $15 million for production. This is sufficient for a single channel, but not sufficient for large budget production on a regular schedule. Cross-subsidization of revenues on a per capita basis would benefit the francophone network and permit more and better indigenous programming of Quebec's Pay-TV systems.

Federal jurisdiction implies Canadian jurisdiction. Because of the Americanization of our broadcasting, and even our public network, the Federal Government is vulnerable on this count. To legitimize its claim to jurisdiction of Pay-TV, the Federal Government will have to assure the provinces that this time Federal jurisdiction will equate to Canadian jurisdiction and mean stronger defense of Canadian cultural goals.

HARDWARE INVESTMENT

We have recommended a universal, non-discretionary pay-per-channel system which requires no specialized hardware to keep the subscriber discrete from the non-subscriber. This reflects our conclusion that the technology of Pay-TV - whether the simple "black box" of discretionary pay-per-channel, or the more sophisticated "black box" of pay-per-program - should not be introduced into Canada at this point.

Repayment of the capital outlay would draw revenues away from production, and the concomitant pressure to maximize revenues and speed the return on investment would be met by increasing reliance on American programming. Repaying the capital investment would leave significantly less money for programming, and that, in turn, would increase the pressure to depend on cheap dumped foreign programming rather than expensive Canadian programming. Another promise of performance would go down the drain. The disadvantages of such a system are totally disproportionate to its advantages. The Canadian priority is funding program production and the less hardware the more money availabe for software.

Capital investment in new technology also raises the question of whose investment, and the degree of control over the entire Pay-TV structure which would be expected in order to ensure a rapid rate of return. Colin Watson, President of PTN-Pay Television Network Ltd., pointed out the realities of this problem at the CCFM Pay-TV Seminar in August, 1976:

> "...we're the ones that will have all the capital at risk...as businessmen it simply wouldn't be prudent of us to invest that kind of money without having some say as to what's going on and earning some return on our investment...if the cable company invests the money, the cable company is entitled to some fair return on its investment."

Of course, Mr. Watson is correct, and that is another strong reason for designing a Pay-TV system without heavy hardware investment. The investor would control his investment and the demands of this "high-pressure money" would limit the possibility of unusual or alternative program experiments being tried.

Invested capital lends legitimacy to the investors' claims for control of the network, and to ensuring that the network respond like a jack-in-the-box to lowest-common-denominator programming pressures. This would mean that Canadian Pay-TV would reinforce consumer conditioning instead of providing a breathing space in that syndrome: a place for introduction of alternative, unfamiliar, and perhaps initially unaccepted programming, to make an audience identification.

The third drawback to discretionary Pay-TV is the fact that existing pay-per-channel technology is either "insecure" or very expensive. Pay-per-program technology is basically untried and even more expensive. The hardware is still in flux and commitment to one system right now might prove a costly mistake.

The technology of pay-per-program will eventually become both cheap and reliable. When that day arrives, pay-per-program might be introduced into Canada with sufficient guarantees that foreign programming will not swamp Canadian programming. In the meantime, Canadian program production capacity must be developed to compete with foreign programs on a pay-per-program system.

CABLE DELIVERY

For the same reason Canada should not buy specialized technology for Pay-TV at this time, it should utilize the existing distribution facilities for delivery of the Pay-TV signal. We have recommended introducing Pay-TV as a third tier on the existing cable network. Given the reach of this facility, the limited radio spectrum space available, and the expense of setting up an off-air Pay-TV network, cable transmission of Pay-TV is the most practical option. The network should be interconnected by satellite and/or microwave rather than by bicycling tape cassettes which creates a closed circuit system thereby muddying the jurisdictional waters and limiting the possibility of broadcasting live events.

In Canada we have in place the biggest cable audience per capita in the world. That fact has cost us - the nation and the broadcasting industry - a great deal and it should now be turned around and made to work for us as the vehicle of Canadian Pay-TV. The basic cable service in Canada is more stable than a discretionary premium Pay-TV service because it is based on the desire for American programming and American channels. By linking Pay-TV inseparably to the basic cable service, market penetration and revenue are stabilized which frees the schedule from the worst pressure of lowest common denominator programming. Whereas, if the consumer pays directly for a discretionary service, the expectations are for "more of the same" which commercial television delivers, and the pressure for lowest common denominator programming is very strong. Those programming expectations are met to avoid disconnection and increase penetration.

A Pay-TV system which uses cable as a common carrier will also help the cable industry catch up on its overdue contribution to Canadian program production which it must do to justify its presence as part of the Canadian broadcasting system. Cable has been exempt from the Canadian content regulations which apply to all other members of the broadcasting complex. This exemption for cable has allowed it to import wholesale American channels which have changed the face of Canadian television in most areas. If content regulations are going to have any meaning, they are going to have to apply to the entire spectrum of television available in Canada, including cable which should carry increased Canadian channels to counter-balance American channels.

This goal could only be achieved if all television systems in Canada support Canadian production. Cable has been exempt both from content regulations and from the responsibility of supporting Canadian production. Although the industry-wide pre-tax profit for cable companies is 22%, the average investment in production is only 3.4% of revenue despite a CRTC request that each company spend 10%.

In approaching Pay-TV, the cable companies have addressed themselves to re-financing their own coffers - an issue which is not an overwhelming national priority - rather than the real questions of Pay-TV, including the place of Canadian programming.

Cable's PTN proposal would create, not fill, a new consumer demand for American programs and would offer too little, too late, to Canadian production. Fifteen percent of revenues as a levy is a retrieval mechanism for existing systems such as movie theatres, but it is an unacceptable premise to begin a new system. It amounts to what the Canadian Association of Consumers labelled the "theory of acceptable exploitation" in their Pay-TV brief last October. To the production industry, that exploitation is unacceptable.

What Pay-TV should do for cable is upgrade its programming, not its hardware or profits. Additional revenues raised by the increased cable fee, which the Canadian Cable Television Association has asked for, should be directed to program production rather than cable profits, and the best insurance for that objective is to keep control of Pay-TV away from the cable companies. Nothing in the past performance of those companies would warrant their metamorphosis from common carrier to network producer. As a common carrier on a universal Pay-TV system such as we suggest, they could receive 10% of revenues without any capital at risk and without subjecting themselves to the trauma of disconnections which afflict the American pay-cable systems on which they have modelled their proposal.

THE AUDIENCE AND CANADIAN PAY-TV

There is nothing natural about a nation replacing its own cultural products with those of another country. The fact we have done so in Canada is the result of fifty years of conditioning which has created, not filled, an obsessive "consumer demand" for American programming.

What is natural, in nations and individuals, is a healthy degree of narcissism. Individuals are more interested in their children, their home, photos of their vacation, than they are in the children, home or photos of the guy next to them, even if the neighbour's assets are perceived as being objectively better. The same is true of nations: Canada is alone among mature countries in refusing to give primacy of place in its media distribution to its own cultural expression.

The fact of our conditioning is used as an excuse to continue catering to our neurotic viewing habits. American programming options outnumber Canadian on our television screens and have a strong presence even on our quasi-commercial public network.

Broadcasting and movie theatres play on the fact Canadians have come to think of a full range of American programming as their birthright and justify supplying it,to the detriment of Canadian programming, on the theory they are giving the consumer "freedom of choice". Real freedom of choice includes the freedom to see our own. It also includes offering Canadian and American options which are qualitatively comparable. At the present time the Canadian consumer is confronted with the "choice" between riding in an American car or a Canadian bicycle. It's little wonder which is chosen.

Despite the television choices available, especially in major Canadian centres, the consumer is offered little real choice in terms of diversity of programs. The bulk of programming is increasingly derivative and unoriginal in the never-ending quest for the absolutely lowest common denominator. There is very little real international programming and the mix is served up with frequent and irritating commercial interruptions.

Public perception of television as derivative and undifferentiated is becoming apparent. The excerpt from Gordon Thompson's paper on Pay-TV (Appendix B) certainly indicates a widespread dissatisfaction with the television diet and a desire for diversity of programming.

We believe that the Canadian audience wants, and is willing to pay for, increasing the Canadianization of their milieu and media. We draw that conclusion from surveys cited in this report which show that the number of

Canadians who think the "Canadian way of life" is being influenced too much by the United States has increased from 27% in 1956 to 57% in 1974. In 1975, Gallup found that 59% of Canadians thought there was too much influence from American television on Canadian culture or "way of life". Gallup also found that year that 58% of Canadians indicated a willingness to accept a "big reduction in our standard of living" in order to buy back a majority share of American companies in Canada.

Canadians surveyed by Gallup who think television is not a good influence on family life has gone from 19% in 1956 to 41% in 1976. This last trend may be a reaction against the alienating effect of massive television viewing in general, or a specific reaction against the influence of violence on television.

Violence is a good example of a major social distinction between Canadian and American programming. Canadian programming, as Canadian society, is less violent than American. The LaMarsh Commission on Violence in the media has been presented with repeated evidence that violence on Canadian television screens is a function of importing American programming. Violence may be only one social distortion which Canadians are absorbing through American programs. Certainly it indicates that the rationale for Canadian content is cultural in the broadest sense of the word.

These surveys indicate that the canard that Canadians neither want, nor are willing to pay for, Canadian cultural products may be seriously out of date. At any rate, there seems to be sufficient evidence that the Canadian audience believes it is time for a system of our own. We believe a channel, scheduling alternative Canadian and international programming, including two Canadian and two foreign movies per month without commercial interruption, would be met with enthusiasm. This channel would provide ample justification for a rate increase to the majority of cable subscribers.

Because universal Pay-TV provides a different financial structure it is capable of offering truly different programming. Our proposed Pay-TV model has the potential to fund high quality Canadian programming. This should include children's material; an exchange of dubbed material between Quebec and English-Canada; and telecasts of the House of Commons as a continuing Canadian day-time political soap opera. Above all, Pay-TV programming should reflect the cultural revolution which has occurred across Canada in the last

ten years, but has been largely ignored by Canadian television. For example, the Manitoba Theatre Centre has more subscribers than the Winnipeg Blue Bombers. While Canadian movies should find a place on the Pay-TV schedule, so should the performing arts at the local, regional, and national levels. Pay-TV could be used to reach the vast majority of Canadians who have never been exposed to their performances.

Pay-TV should also compensate for the present lack of good international non-American programming on our television sets. An example is the prodigous output of Australian filmmakers, reputed to be excellent, available in English, but is not seen in Canada.

We do not propose that movies be the basic program content, but, in deference to audience conditioning, the Pay-TV network should schedule four new movies each month including two Canadian and two foreign (including American). This policy would shift audience viewing habits, rather than jolt them, and help justify the value of the channel for the cable rate increase.

THE PLACE TO BEGIN

Because there is an equation between what the media carries and how the country perceives itself, there is an equation between Americanizing our television and theatre screens and Americanizing our country. Television is the most common shared experience of a modern nation. That is why television- or cultural communication generally- is one of the aspects of nationhood which must, by definition, be indigenous. Importing our cultural products wholesale makes as much sense as importing our House of Commons.

When Pierre Perrault titled a film, Un Pays Sans Bon Sens, he was referring to Quebec. The sobriquet is more applicable today to English-Canada. The long term interests of the country are not being respected by our national broadcasting system. What is going on in that system is a disgrace, and it is largely where we are losing the country. The crisis facing Canada has political and economic manifestations, but it is, at root, a cultural crisis.

Cultural crises require cultural solutions. If our country is going to survive the 20th century- which Sir Wilfred Laurier bequeathed to us- as more than a segment of the American market, we will have to give priority to producing our own cultural products in every medium. Above all, the Canadian broadcasting system will have to function as a Canadian medium rather than an American rebroadcasting system.

Repatriating Canadian television will require money. It isn't good enough to say we can't afford to finance Canadian programming. The fact is we can't afford not to. We cannot defend a country which does not fully exist in the hearts and minds of its people. Film and television productions which reflect the past, the present, and the possibilities of this country have a more significant role to play in gathering ourselves together as a nation than do tanks, or missiles, or the rest of the hardware which we misidentify as the means of our national security. Priorities which give one billion dollars to the purchase of a dozen or two surveillance planes and begrudge half that amount to speak to ourselves, are short-sighted.

Most of our communciation problems stem from the fact that we have historically rented out our main arenas and then found ourselves locked out of the distribution and exhibition systems which were functioning to serve American, rather than Canadian, production. Pay-TV may be our last main arena- the last chance we will get in this century to establish Canadian jurisdiction over a powerful means of communicating with ourselves as a nation. It is imperative that decisions on Pay-TV now being made, be made on the basis of the future well-being of the country.

The criteria of dubious "economic realism" which we have invoked to justify the compromises made with our natural and cultural resources must not be employed again. They have led us to a series of dead-ends. If Pay-TV functions as an American movie channel, with the marginal economic benefit and major cultural erosion which such a system implies, 15% of anything will not compensate for the damage. We want, and need, a very different future for this country. To achieve it we will need to reverse most of the assumptions of our previous cultural/communications policies. Policies which have delivered

foreign programming wholesale with its excessive violence and social alienation; which have divorced our cultural producers from their audience; which have turned over too many of our markets to franchise agents without serious commitment to the production of indigenous material; which have left us with another country's myths and heroes instead of our own, and failing, as a nation, in purpose and common understanding. In strictly practical terms, they have left us without the revenues to do anything about the situation.

If Pay-TV is to translate its promise into performance it will have to be functionally, as well as theoretically, consistent with the goals of the Broadcasting Act: to safeguard, enrich, and strengthen the cultural, social, and economic fabric of Canada. We have recommended a universal/mandatory Pay-TV system because we believe it is the only way Pay-TV can provide a stable revenue base for Canadian production without being dependent on American programming.

In itself, Pay-TV cannot reverse all the ailments that afflict Canadian broadcasting and program production. It should be part of a larger reorganization of all elements of the cultural delivery system to connect these media to Canadian production.

But the current debate over Pay-TV is a crossroads at which we can choose to redirect the course of Canadian broadcasting. If we intend to do that, Pay-TV is the place to begin.

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GLOSSARY

ACCESS TIME: The time between the moment information is called for and the time it is delivered. The eye cannot perceive a time lag.

ADDRESSABLE TAP: Cable house drop that can be turned on and off at head end.

AFFILIATE: Station, usually independently owned, that grants (and is obligated to) a network use of specific time periods for network programming through contracts. Remainder of broadcast day is programmed locally.

ALTERNATE NETWORK: Usually used to describe a system of programme distribution outside the conventional media. Often set up by groups with a particular interest. Tapes are made and mailed to a special constituency.

AM (radio): Amplitude modulation in the 535-1605 kilohertz range. Range not limited to line of sight. See: FM.

AMPLIFIER: Device through which an electronic signal is strengthened. In a cable television system, used to boost the signal as it travels through the cable.

AUDIENCE FRAGMENTATION: See Fragmentation.

AUTOMATIC GAIN CONTROL MIXER: Mixer which processes audio signals automatically controlling the level of microphone and other channels, eliminating the necessity for manual control.

BBG - BOARD OF BROADCAST GOVERNORS: The BBG, created by the Broadcasting Act of 1958, regulated the Canadian broadcasting system until 1968 when the government re-wrote the Broadcasting Act, terminated the BBG, and created the CRTC.

BAND: Range of radio frequencies within two definite limits and used for a definite purpose; for example, the standard broadcast band extends from 535 to 1605 kilohertz, television from 54 - 216 megahertz. Some other bands or ranges of frequencies are the Mid-band, Sub-low band, etc. These bands, taken together, comprise the frequency spectrum.

BICYCLING: Delivering a film, or video tape, or audio tape from one station to another in lieu of supplying individual prints or providing simultaneous distribution of a programme by microwave, etc.

BROAD-BAND COMMUNICATIONS: Systems of communication that require much more radio frequency spectrum than AM radio or telephone, e.g. television, computer to computer.

BROADCASTING: As a noun, either of the elctronic media, radio or television. As a verb, sending out a signal on the airways which is capable of being received by a radio or television set.

BROADCASTING ACT: Legislation which establishes the concept of the Canadian broadcasting system and defines the policies to be implemented to preserve this system. The Broadcasting Act (rewritten in 1968) has three main sections:(i) broadcasting policy for all of Canada, (ii) creation of the CRTC, the regulatory body, (iii) mandate of the CBC, outlining its responsibilities.

CBC - CANADIAN BROADCASTING CORPORATION: Canada's publicly-owned English radio and television networks (in French, called Societe Radio-Canada), whose mandate was established originally by the Canadian Broadcasting Act 1936, and is now included in the Broadcasting Act 1968. See also Broadcasting Act.

CCTV - CLOSED CIRCUIT TELEVISION: Television which is not transmitted or received over the air but is conveyed from point of origin to the receiver by cable.

CRTC: CANADIAN RADIO-TELEVISION & TELECOMMUNICATION COMMISSION: Canadian broadcasting regulatory body. Located at 100 Metcalfe Street, Ottawa, Ontario.

CTV - CTV TELEVISION NETWORK: The private English language TV network. Head Office: 42 Charles St. East, Toronto, Ontario.

CABLE (Coaxial): Series of conductors insulated from each other and arranged in a variety of patterns to perform transmission, control, audio, and power-supply functions in an electrical system. Coaxial cable is designed to "pass" a wide range of frequencies and is particularly suited for video transmission.

CABLE SATURATION: The percentage of homes subscribing to cable based on the number of homes passed by cable.

CABLE TELEVISION: Wire TV services which use elaborate antennas to take TV signals from local and distant areas and transmit them to subscribing households via cables. Cable television requires a special hook-up into your television set. The cable television companies charge a regular fee for this service.

CALL LETTERS: Letters assigned by the Department of Communications and used to identify each station licensed.

CAPITAL COST WRITE-OFF: A deduction from income of expenditures made for capital assets including land, equipment, etc.

CASSETTE - (Cartridge): Pre-packaged tape in self-enclosed format.

CHROMA KEY: One way of inserting one image over a background of a second image (i.e., you can chrome key a man into a background of a football crowd and make it appear as if he were in the stadium).

COAXIAL CABLE (TRANSMISSION LINE): A transmission line in which one conductor completely surrounds the other, the two being coaxial and separated by an insulating material. Such lines are characterized by having no external fields and by having no susceptibility to external fields from other sources.

COMMERCIAL DELETION: The removal of commercial content from the program before retransmission.

COMMERCIAL SUBSTITUTION: Deletion of existing commercials and introducing other content prior to retransmission.

COMMUNITY CHANNEL: In its policy statement on cable, issued 16 July 1971, the CRTC urged the owners of Canada's cable television systems to set one channel aside for the use of the community. This is commonly referred to as the community channel. Most contain a mixture of local origination and community and information programming.

CONVERTER: Electronic device which, wired to an individual cable television subscriber's set, enables his television set to receive more than 12 channels.

CO-PRODUCTION: Two or more principals involved in organizing and producing a program. Each party may bring different contributions to the project, e.g. financial, facilities, distribution, talent.

COST PER THOUSAND (CPM): Index of broadcast advertising viewing effectiveness expressed in dollars. The result of the cost of the time purchased divided by the measured audiences in thousands.

COVERAGE AREA: Geographical area reached by a given station. Based on a station's physical facilities and pattern of signal. A coverage map shows those ares covered.

CROSSTALK: A signal from one part of a video tape interfacing with another part. Sometimes two completely different channels can cause this interference.

DECAY RATE: The time it takes for an electronic light to go from being on to completely off. This affects picture lag, but modern tubes have an extremely short decay rate.

DEDICATED CHANNEL: Channel (in use or available on demand), solely devoted to a particular type of purpose or service, e.g. community, education, multiculturalism, weather reports, etc.

DIRECT BROADCAST SATELLITE: A satellite which beams signals directly to the user (home or cable operator) without sending them first to an earth station.

DOUBLE SYSTEM: A term meaning that the sound and picture are on two different pieces of tape or film. Separate sound allows greater flexibility and editing possibilities than working with the sound and picture combined on a single strip. Sound for double system work can be recorded separately on its own equipment other than the video recorder as the taping proceeds; or it can be recorded through the videotape recorder and transferred to a second piece of film or tape.

DROP LINE: Line that runs from the main (coaxial) trunk cable into the individual cable television subscriber's residence; also called drops.

DUBBING: Transcribing a sound track from one recording medium to another, such as dubbing a film sound track on audio tape; Also, to create copies or dubs of existing film or video programmes from the original.

DUMPING: The sale of goods in a foreign country for less than the market price in the country of manufacture.

FM: Frequency modulation (radio), (88-108 megahertz). Broadcasting method that eliminates electrical interference and provides greater fidelity than the more common AM (amplitude modulation) broadcasting. Range restricted to line of sight. There are more FM than AM frequencies available.

FORMAT: (1) Type of programming station transmits, e.g., in radio, middle-of-road music, pop music, all-news, talk, etc. (2) Script or programme plan outlining aims of the programme and methods to be used to achieve these aims. Technique used to present programme. Also general designation of programme type, e.g. magazine format, soap opera, talk, actuality, variety, etc.

FRAGMENTATION (Audience): The redistribution of viewing patterns in a television market by the introduction of new viewer choices.

FREEZE FRAME: To hold a single frame or picture for a period of time, thus stopping the action.

GLOBAL: Global Television Network.

HARDWARE: Refers to all the physical equipment used in radio and television programming. See: Software.

HEAD END: The electronic equipment located at the start of a cable system usually including antennas, preamplifiers, frequency converters, demodulators, modulators and related equipment.

HELICAL SCAN RECORDER: A videotape recorder which records information diagonally. This is used in all 1", 3/4", 1/2" or 1/4" tape work and recently some 2" tape.

HOUSE DROP: In a CATV system the coaxial cable from the line tap to the subscribers' TV set.

INDEPENDENT STATION: Refers to a station which is not affiliated with a network. Originates some or all programming, may purchase others from networks or syndicates. Independent stations in Canada are sometimes called private stations.

INTERCONNECTION: The combining of two or more cable systems by microwave link for a common feed.

INTERFACE: The physical connection or the act of connecting two or more pieces of equipment.

KINESCOPE: A film recording of a TV picture.

LPRT - LOW POWER RELAY TRANSMITTER: An unmanned system used to relay programming to communities by repeating the programming of a master system.

LICENSEE: Individual or group granted a broadcast licence by the CRTC.

LIGHT: What the video engineer usually wants more of. A revolutionary engineer is happy with 250 foot candles to get an f5.6 stop on the lens. Until recently 140 foot candles was minimum, but now with Vidicon tubes, cameras will work beautifully with 20 foot candles.

LINE FEED: A coaxial cable either connecting a location where shooting is taking place to a distant videotape recording facility; or connecting a station where a program is originating to other stations which are broadcasting.

LIVE: (1) Indicates that a piece of equipment, e.g. a microphone, camera, is in active use. (2) Direct transmission of a programme or event at the time of origin.

MATV - MASTER ANTENNA TELEVISION: Used to bring television reception to large buildings, especially an apartment or complex of apartments, eliminates need for individual antennae.

MDS - MULTIPOINT DISTRIBUTION SERVICE: One-way service on microwave frequencies from a fixed station transmitting to multiple receiving facilities located at fixed points.

MICROWAVE: Transmissions through the air of high-quality signals at a very high frequency. Microwave transmissions are line-of-sight transmissions which can extend only 30-50 miles.

MICROWAVE DISH: Parabolic receiving antenna for microwave systems.

MICROWAVE REPEATER STATION: Stations which receive, amplify (strengthen) and retransmit microwave signals another 30-50 miles. In a microwave system, signals are transmitted in 30 mile 'hops' relevant to the curvature of the earth.

MSO OR MOS - MULTIPLE SYSTEMS OPERATOR: Owning many cable systems.

MULTIPLEX: In communications multiplexing is the interweaving or simultaneous transmission of two or more messages on a single channel.

NEGATIVE OPTION MARKETING: Marketing of pay TV service by cable operators where the consumer must choose not to receive the service otherwise he or she receives it automatically.

NETWORK: (1) Simultaneous transmission by a group of broadcasting stations of identical programme material. (2) Channels and facilities necessary to this simultaneous transmission.

O & O'S: Owned and operated stations belonging to a network.

OFF-AIR: Television available via antenna and without cable.

OPTICAL FIBRE: Glass fibre used for transmission of signals by light.

PACKAGER: A production entrepreneur who brings together the program concept and the individuals likely to ensure its success. May be a producer or promoter who assembles the writers, directors, major talent, etc. all under contract for purposes of the project and presents this "package" to investors, network program procurers, etc. for funding of the project.

PAY CABLE: An extra service offered to cable subscribers, over and above the basic cable service for which they pay an additional fee.

PER-CHANNEL SERVICE: Pay-TV provided for a flat monthly fee which allows subscribers to see all programs on a special channel.

PER-PROGRAM SERVICE: Pay-TV purchased on a per-program basis.

PRIME TIME: Generally considered to be from 6 p.m. to midnight. These hours are considered by the electronic media to be the time when they have the largest audience.

PRIVATE SECTOR: System (number of stations) owned by an individual or a corporation and operated commercially.

PUBLIC SECTOR: Publicly owned and receives its funding from the government.

RANDOM ACCESS: The ability to recall picture or sound information irrespective of its location - beginning, middle or end of the recorded roll of tape.

REMOTE: Telecast originated outside the studio.

STV: Broadcast Pay TV, known as subscription television, where a scrambled signal is broadcast throughout the market and subscribers are supplied with a set-top decoder which allows them to receive STV programs.

SCAN: The electronic ray that shoots raw light information onto the face of the picture tube. The scan lays down a horizontal at 15/1000 of a second and a vertical at 1/60 of a second at US standard and at 1/50 of a second, European standard.

SCHEDULING (Programme): Decision-making concerning the times at which programmes are to be shown or heard. In community programming work, the decisions are made on the basis of the greatest benefit to the community served or on a first-come first-served basis.

SECOND GENERATION: A copy of an original tape recording. Third generation is a copy made from that second generation tape.

SEQUENTIAL DISTRIBUTION: The concept of commercial film distribution through four separate steps - theatre, Pay-TV, commercial network television and syndicated television.

SIPHONING: The diverting of programming normally delivered by commercial television to Pay-TV.

SOFTWARE: Name (borrowed from computer services) given to actual programme content, i.e. the reel of tape is hardware, the programme on it is software. See: Hardware.

STANDALONE: Program origination from the head end of a CATV system rather than through microwave or satellite feed.

STANDARD(S): As in photography, there are several:
NTSC: National Television Standards Committee, with 525 lines on the tube surface. Used in the United States.
PAL: Phase Alternate Line, with 625 lines on the tube surface. Used in Great Britain.
SECAM: Used by the USSR and France. Has 819 lines. This is the superior image in terms of resolution, clarity, and quality.

STUDIO: Room specially built for the process of taping, film-making, or broadcasting programmes.

SYNC SOUND: Synchronization; the simultaneous projection of picture and accompanying sound. Also, the electronic pulses of picture transmission and receiver must be synchronized to produce a stable image on the television screen.

SYNDICATION: Distribution to individual stations in non-reserved time. As opposed to network time.

TBA: To be announced.

TVA: Les Tele-diffuseurs Associes. The private French-language network.

TELECINE CHAIN: A motion picture projector and a television camera specifically set up to convert the film image to video signals while also converting the 24 frames per second film to 30 frames per second television.

TELECOMMUNICATIONS: The transmission of information from one point to another. Legal (ITU): Any transmission, emission or reception of signs, signals, writing, images and sounds or intelligence of any nature by wire, radio, visual or other electromagnetic systems.

TRANSPONDER: Transmission channel on a satellite.

TRAP: An electronic filter or trap placed on each householder's drop line to block the signal transmitting Pay-TV programming. The signal can be received only if the trap is removed by the cable company.

TRUNK CABLE: See Cable.

2" QUAD OR QUADRUPLEX: Broadcast videotape. It is 2" wide. Four tape heads record the picture.

UHF - ULTRA HIGH FREQUENCY: The band of frequencies between 300 and 3000 megahertz (channels 14-83).

VHF - VERY HIGH FREQUENCY: The band of frequencies between 30 and 300 megahertz (channels 2-13).

VTR - VIDEO TAPE RECORDER(ING): Combined audio and video recording on magnetic tape.

VERTICAL INTEGRATION: The integration or bringing together of various stages of production under one management or enterprise.

WAREHOUSING: The witholding of programs from exploitation in one market by companies operating in another market. In the U.S.A. this usually refers to the practice of witholding feature films from Pay-TV by the commercial networks which secure exclusivity in their contracts with producers/distributors.

WINDOW: The length of time Pay-TV can exhibit movies after first theatrical run and before commercial television broadcast.

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ACTV Limited, Edmonton
* Canadian Cable Television Association
* CTV Television Network Limited
National Cablevision Limitee
Canadian Film and Television Association
* C.P.R.
- Canadian Cablesystems Limited
- Premier Cablevision Limited
- Rogers Cable TV Limited

The Rogers Group of Companies
- Coaxial Colourview Limited
- Bramalea Telecable Limited
- Essex Cable TV Limited

* Canadian Association of Motion Picture Producers
Broadband Communications Networks Limited
* CITY TV
* Association for Public Broadcasting in British Columbia
Western Coded Television Limited
* The Canadian Broadcasting League
* Canadian Association of Broadcasters
Joint Broadcast Committee
- Association of Canadian Advertisers Inc.
- Institute of Canadian Advertising

Northern Access Network
Greater Toronto Cable TV Association
MacLean-Hunter Cable TV Limited
* Agra Industries
Wendy O'Flaherty, 3165 12th Ave., Vancouver, B.C.
Western Cablevision Limited
CBC

* British Columbia Telephone Company
Video Program Services
* Telesat Canada
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APPENDICES

APPENDIX A

SUMMARY OF SELECTED PROPOSALS TO THE CRTC, OCTOBER, 1976

The following are assessments of fifteen of the significant submissions on Pay-TV presented to the CRTC on October 1, 1976.

These submissions indicate:

- serious attention and concern on the part of a wide range of organizations
- overwhelming support for a Pay-TV system which is Canadian in structure and content, even from organizations not usually nationalist in their positions
- a general desire to proceed with caution on Pay-TV and to have public hearings. The attached submission to Madame Sauvé indicates the strength of this position
- support for Canadian production as the rationale for Pay-TV is universal and espoused even by CCTA and PTN
- a rejection from all sectors - public interest, broadcasting and production - of the PTN concept of Pay-TV.

Each evaluation consists of a summary of position followed by a critique. Briefs assessed are:

QUEBEC CABLE AND FILM PRODUCTION COMPANIES

CONSUMERS' ASSOCIATION OF CANADA

CANADIAN FILM AND TELEVISION ASSN.

CANADIAN CONFERENCE OF THE ARTS

CANADIAN FILM DEVELOPMENT CORP.

CANADIAN BROADCASTING CORPORATION

CHANNEL 79 LTD.

PTN - PAY TELEVISION NETWORK LTD.

GLOBAL TELEVISION

ASSOCIATION OF CANADIAN TELEVISION AND RADIO ARTISTS

AMERICAN FEDERATION OF MUSICIANS

CANADIAN ACTORS' EQUITY ASSOCIATION

CANADIAN LABOUR CONGRESS

DIRECTORS' GUILD OF CANADA

WESTERN CODED TELEVISION ASSOCIATION

CANADIAN CABLE TELEVISION ASSOCIATION

CANADIAN ASSOCIATION OF BROADCASTERS

SUBMISSION OF 220 ORGANIZATIONS REQUESTING PUBLIC HEARINGS

CANADIAN BROADCASTING LEAGUE

QUEBEC CABLE AND FILM PRODUCTIONS COMPANIES (15)

Title: "Memo to the CRTC on the Development of Original Pay Television: Creation of the Electronic Society"

Date: September 30, 1976

Pages: 19 with 4 appendices

Summary of Position:

These companies collectively represent major cable and film production interests in Quebec. The production comapnies signing this document have been responsible for at least 80% of the feature films produced in Quebec in the last ten years. They therefore believe that they have an important role to play in the introduction of pay television in Quebec.

Their basic premise is that pay television cannot succeed in Quebec unless the basic cable service has first reached a high level of penetration (cable penetration in Quebec is relatively low). The cable companies point out that their collective license areas include large urban markets and Montreal, which are critical to the success of Pay-TV in Quebec, and that Quebec is critical to the success of Pay-TV in Canada.

They go to some lengths to point out the many factors which distinguish the Canadian situation from the American *vis a vis* Pay-TV and which invalidate equating the American experience to our own.

They emphasize the necessity of developing the entire cable industry as the basis for the introduction of Pay-TV. They recommend that the actual introduction of Pay-TV should wait upon improved technological and financial development, as well as increased levels of cable penetration and Canadian production. In preparation for its introduction, they propose that the cable industry and the film producers should work together to improve the quality of programming on

the basic cable service, and that funds for such production be raised by an increase in the cable subscription fee.

The cable operators reject the idea of their systems being used simply as common carriers for Pay-TV, and insist that their function should be more broadly defined as electronic publishers akin to broadcasters. On the basis of this definition, their technical capacity, and their current efforts to extend their function beyond delivery of signals into community programming and production, as well as consumer services such as payment of utility bills, they claim that they should have an extensive role in Pay-TV development though it will be only one of several functions of the cable system.

Their specific recommendations are:

- the establishment of a Quebec Pay-TV Agency which would complement PTN by offering French language and special interest programming. Its primary objective would be strengthening of Canadian programming, and the development of new kinds of programming, for both the basic cable service and the new Pay service.
- the Agency would produce, co-produce and purchase programming (from Quebec, Canadian and international markets), assure distribution of Canadian product as well as sell it in other markets.
- 51% of the Agency would be owned and controlled by cable interests, which would also dominate its Board of Directors. It would be heavily interconnected with PTN (common shareholders) though legally separate from it.
- financing for the Agency would come from shareholders investment; a 50¢ per month per subscriber increase in cable rates for the 400,000 Quebec cable subscribers (this would provide $2.4 million in 1977); sale of products; revenues from the Pay-TV system once introduced.

- production would be done, initially at least, primarily for the basic cable service and secondarily for the Pay service. Each cable operator would select which products to deliver on which service within its own system. The production of the Agency would concentrate on new types of programming. It would complement rather than compete with PTN because it would be of regional interest whereas PTN programming would be of national interest and of a different (mass audience) type.
- delivery of signal locally would be by microwave and bicycle cassette. National PTN delivery it is suggested, should be by satellite with cost difficulties of this method overcome by Government agreement to reduce satellite charges for the provision of this important national service.
- "adequate partners"- people who are credible to Government and production sectors- would be used in administration and production of the Agency.

Summary of Appendices:

Appendices 2-4 are brief and general letters from cable signatories to the brief, endorsing the main submission.

However, Appendix 1 is a detailed and separate submission from the production companies represented. Because of the importance of these companies in the Quebec production industry, and the unique position which they put forward, this Appendix should be considered a submission in its own right.

These companies define Pay-TV as a source of original, high quality programming, free of advertising, and available voluntarily to the viewer. They point out that:

- all television, public and private, is in fact pay television but with

indirect and therefore disguised form of payment, and that this new service will be the first opportunity for the viewer to pay for only what he wishes.

- that vertical integration of the broadcast networks, and foreign control of the theatrical market in Canada, have prevented independent producers from having reasonable access and payment for their work. Pay-TV will be the first opportunity for them to have direct access to the audience and direct payment.
- that it is, therefore, essential that Pay-TV be approached in an original manner and not structured along the traditional destructive patterns of broadcasting and cinema in Canada.
- that the American experience does not provide a valid model for Pay-TV in Canada, and that we must find our own solutions for our own situation.
- that the concept of a 15% levy return to Canadian production from an essentially foreign system be rejected as a self-defeating palliative.

Conclusions:

1) Pay-TV must be introduced by stages beginning with a universal, mandatory delivery to all cable subscribers and an increased cable fee. This would permit rapid development of Pay-TV; provide a secure and large revenue base for production which is independent of the hypothetical success of Pay-TV; permit gradual introduction of new types of programming; avoid investment in currently inadequate billing and metering technology. This system could eventually evolve into a pay-per-program system when technology permits at a reasonable cost.

2) Initial delivery of Pay-TV should be by cable to avoid capital investment in hardware at this stage, and to permit rational use of existing channels and immediate profit to cable operators.

3) Maximum use should be made of existing technical means of production which are

currently underutilized.

4) Audience fragmentation must be avoided. This they feel is implicit in their proposal as the fundamental objective of their programming (minority audience) complements rather than competes with the mass audience programming of off-air broadcasting.

5) Feature films cannot be the basis of Pay-TV programming. If Pay-TV is to provide alternative and indigenous programming as they recommend, rather than foreign mass audience programming, it will not generate sufficient revenues to support sufficient feature production to make it the basic staple of Pay-TV, although features will be economically important to the system in amortizing the costs of other programming.

6) New forms of production must be developed for this new means of delivery. Pay-TV should enlarge and enrich the range of television programming in a way that conventional television is prevented from doing because of the profit motivated, advertiser based, mass audience requirements it is subject to. The arts, classics, education are emphasized but they contend that Pay-TV programming, well conceived, would really know no limits other than those of human activity.

The producers close by cautioning against those who advocate the repeat of our past patterns by replicating foreign models. They emphasize that their proposal represents a "revolution" in communications which would help the country reach its cultural objectives.

<u>Critique</u>:

<u>Main Brief</u>:

This position appears to be an attempt to accomodate the reality of the Quebec situation (low cable penetration, underfinanced production industry, small market) to the PTN

cable position.

Basically, the Quebec cable companies represented contend that the Quebec situation in cable and production, as well as the technology, is not ready for the introduction of Pay-TV. They are advocating a gradual approach designed to increase their basic cable penetration by improving the programming, and are using Pay-TV as the raison d'etre for higher cable fees to support these moves.

The structure of the Agency they recommend would complement PTN as they suggest, but its funding source, purpose, type of production, and time of introduction appear at odds with the PTN proposal.

Appendix 1:

The producers are advancing an independent and seemingly valid proposal designed to connect themselves to their own market and to restructure some forms of the broadcasting system to serve the interests of Quebec. It seems genuinely concerned with broad social, cultural benefits and not limited to self-interest. Basically, they are advocating a system suitable to their situation, and designed to remedy many of the problems of that situation.

Their recommendations for a phased introduction of Pay-TV, on a universal, mandatory basis, using revenues to fund Canadian production and to prepare it to eventually compete in a pay-per-program system - as well as their concern for the development of new types of indigenous programming and their avoidance of initial hardware investments - parallel CCFM recommendations for a Pay-TV system and seem to us excellent.

The only startling aspect of their appendix is its inclusion in this submission. Their position seems only half heartedly co-ordinated with the main submission, and totally unreconciled to the basic (PTN) cable system which that submission purports to

support and complement.

The producers' premises - a Pay-TV system uniquely our own, not modelled on the American and not dependent on American mass audience programming; the rejection of the 15% levy concept; the concern for developing new indigenous forms of programming - are fundamentally at odds with the PTN proposal as we understand it.

Both the producers and the cable companies represented in this submission view Pay-TV as an integral part of the cable industry, incorporated into that industry, and serving as a vehicle for that industry to achieve broader goals of improving and extending the cable service and developing the financial base for indigenous production. This underlying concept of Pay-TV, with its commitment to Canadian production, seems out of place in a submission which proposes to support PTN. But more power to it for having this perspective.

The producer - cable co-operation indicated in this submission is fundamental to the success of their proposal. However, the connection between their proposal and the PTN position seems contrived and not fundamental to its success.

CONSUMERS' ASSOCIATION OF CANADA

Title: "Submission to the CRTC on Pay Television"
Date: October 1, 1976
Pages: 18 and two appendices

Summary of Position:

This brief is an eloquent and tough statement from a completely disinterested party. The CAC believes that the introduction of Pay-TV in Canada at this time is premature in every respect. They argue that not only is more time needed to assess the complexities of this new television system, and educate the public to those complexities, but they say Pay-TV will remain premature until the very serious jurisdictional problems confronting the CRTC are resolved, and until the cable television industry is regulated as a public utility.

They believe that Pay-TV is inevitable in the long run. "When the time becomes appropriate for Pay-TV to proceed, the legitimate frame of reference to justify it must be in keeping with the original public interest design of the Canadian broadcasting system. The implementation of a comprehensive Pay-TV system must be done in such a way that it will enhance, encourage and enrich the Canadian broadcasting and communications culture, not be a threat to it." (p.1)

After reviewing the CRTC's December decision that Pay-TV is premature, the brief says: "One may fairly ask the question, 'Why has a policy which took the CRTC almost one year to formulate been reversed in the extremely short period of five months?' It is our submission that the change in policy has not come about because of a re-evaluation of the

intrinsic nature of the industry or because it would enhance Canadian broadcasting. Rather, it has come about because of external pressures which have been felt by both the political and regulatory sectors." (p.3)

The brief considers that the rationale for the introduction of Pay-TV, as outlined in the Minister of Communication's June 2nd speech, might be called 'the acceptable exploitation theory'. "In other words, if we have to resort to the massive importation of foreign films to be distributed on a pay television network (which is the type of fare that will be distributed in the beginning of such a system) to a distinct minority of Canadians in order to raise some $6-$13.5 million for Canadian production facilities, then we fully deserve whatever results accrue." (p.5)

The CAC does not think the results will be too promising if the past record of the cable industry is an indicator. The brief brings up the fact that the CRTC has requested that cable companies spend 10% of their gross revenue on the community channel. Rogers says it has spent 5% and the industry average is 3.4%. Thus, the CAC believes that the 15% promised by PTN will be a goal rather than an actuality.

The CAC is extremely critical of the model espoused by PTN. They correctly suggest that the very recent success of Pay-TV in the United States is a result of cable delivery. Yet, the cable system in the U.S. and the Canadian system are completely different. One cannot extrapolate an experience from the one and apply it to the other accurately. They do not see the advantage to be gained from following the American model.

As the CAC understands the issue (and they understand it very well), there

are two questions which must be answered before a Pay-TV system for Canada can be evaluated. "First, how is this new communication system going to enhance and enrich Canadian broadcasting and Canadian culture? And secondly, what impact will there be on the Canadian Broadcasting Corporation, our current public interest oriented system?" (p.11) They answer these questions by saying Pay-TV will exacerbate the situation by importing U.S. programming and further fragmenting the CBC audience.

The CAC does see the possibility of a solution and outlines the priorities for a Pay-TV model.

Model:

Pay-TV should be established (when it is established) by a non-governmental body responsible for Pay-TV on behalf of the public interest. Presumably, the CAC means a public agency at arm's length from the Government such as the CBC.

They accept the figures that estimate 30% penetration of cable subscribers at an additional fee of $8/month. However, they would divide this $100 million quite differently from PTN. They suggest that a common carrier distribute the signal for 15% of this annual total and the rest of the money- $85 million- should go to create a Canadian-based software industry.

"Only with a massive infusion of funds from Pay-TV are we likely to generate the high quality Canadian content that will be successful, not only in attracting Canadian viewers, but also in having the potential for international sales...What is vitally important is that the bulk of the revenue generated from pay television, rather than being a threat to and

a further fragmentation of the Canadian viewing audience, will in fact enhance and enrich the future of broadcasting in Canada by directing its revenues into both the training and production of first rate materials for Canadian as well as, hopefully, international audiences." (p.13)

The CAC expects that this issue will be discussed further at a public hearing.

Critique:

This is an excellent and coherent analysis of the issues underlying Pay-TV. This analysis comes from the public interest lobby rather than a vested interest- no matter how indirect. It is worth noting that the CAC unequivocally understands and accepts the national importance of Canadian program production. The cultural arguments are accepted by them. This should be of interest in feeling the public mood on this subject.

This brief gives many excellent reasons for delaying the introduction of Pay-TV and being dissatisfied with the present Government decision-making process. Most briefs have expressed dissatisfaction about the speed with which such a momentous decision is apparently being made. The CAC also brings up issues which are perhaps at the heart of the matter, such as Federal-Provincial jurisdiction over communications and the regulation of the cable industry. Pay-TV may be implemented on the basis of its relationship with those issues rather than on the inherent merits of the case. This is the fear expressed in this brief and we think it is an extremely legitimate fear.

The model they propose is excellent in its broad scope, but weak in its details. They do have the right idea: reverse the 15% to Canadian production and give 85% to Canadian production. An excellent and important document.

CANADIAN FILM AND TELEVISION ASSOCIATION

Title:"Pay Television Must Develop Canadian Production"
Date: September, 1976
Pages: 10 and two appendices

The CFTA is the English-Canadian (in practice if not in theory) trade association representing private producers, labs, and suppliers. Its 90-odd member companies account for an estimated 75% of Canadian private sector production. It was founded in 1948 as the Association of Motion Picture Producers and Laboratories of Canada.

Summary of Position:

The CFTA position is very straightforward. It wants a private enterprise pay-per-program system with 100% Canadian content. They want the hardware operation to be completely separate from the software or programming operation.

Their brief is eloquent in its plea to give the Canadian producer the opportunity to succeed or fail in the marketplace. They want Pay-TV decisions to be made carefully, but they definitely want Pay-TV to be launched. They favour a public debate to make sure Pay-TV meets "suitable business, cultural, and economic terms that will be as relevant tomorrow as today. For the first time, a new medium can be shaped from its beginning to present Canada to Canadians". (p.3)

While the brief is concerned that "massive hardware installations" likely to be unadaptable to the future not be licensed, it insists that Pay-TV must be a pay-per-program operation. This means more expensive hardware than pay-per-channel. However, they want a true alternative to the existing television system and they correctly see pay-per-channel as "merely an extension of the existing systems". (p.4) It would have a prejudice against minority interest

programming and "lowest common denominator programming will curse us yet again". (p.4)

Pay-per-program has greater risk and greater rewards if successful. It also allows greater flexibility for price levels. It need not be wall-to-wall programming as a channel might feel required to become. This system also makes possible the culturally preferable possibility of all Canadian content. Thus, slick American programming will not siphon off the discretionary dollar- only Canadian programs will compete for the entertainment dollar on this system.

The CFTA argue that 100% Canadian content is possible with a pay-per-program system by multiple repeats and, if necessary, the screen can go black. They are very concerned that the hardware and software functions be separated.

The programming agency should be Canadian-owned and profit oriented with a broad shareholder base. They suggest a federally-chartered licensed monopoly which will have the 100% Canadian content regulation as a condition of license. The CFTA suggests the definition of a Canadian program which is used for the Capital Cost Allowance amendment to the Income Tax Act.

Critique:

A Financial Post writer, Shel Gordon, wrote at the end of an article on Pay-TV printed August 28th: "The (Pearson 100% Canadian content) scheme offers only a common carrier role to the cable operators and no role at all to the broadcasters. It remains to be seen whether the CRTC will risk antagonizing those formidable groups by placing a bold wager on an infant industry." The CFTA demand that that wager be placed, and it would be placed on them.

This brief puts forward a version of the Pearson Proposal (as has Global TV). It is audacious, but the brief is also vague. It does not go into many details such as the means of program distribution or the practical question of French-language production.

However, whether one agrees with a private enterprise monopoly or private enterprise control of a Pay-TV network (and we don't), the objectives behind the brief are laudible and the vision is correct in its analysis with a single exception. The technology is too expensive and too new to put in place a pay-per-program system right now. It will be possible in several years. This technological detail does not detract from the soundness of their basic arguments.

As the CFTA brief said: "Such a Pay-TV system would give Canadian producers access to the Canadian audience in the Canadian marketplace for the first time." For independent producers this statement is too true.

CANADIAN CONFERENCE OF THE ARTS (CCA)

Title: "Interim Brief to the Canadian Radio-Television and Telecommunications Commission from the Canadian Conference of the Arts on the Subject of Pay-TV"

Pages: 5

Date: August 1976

Summary of Position:

The CCA brief raises several critical questions regarding the impact of Pay-TV on the Canadian performing arts, the broadcasting system, and the cultural fabric of the country. It appears to be at least as concerned with the public interest as it is with the role of its members, the performing arts organizations and individuals across the country.

It makes the following points:

- Opportunities must exist for creative artists to reach their audience in their own country.
- The electronic media are crucial to this artist/audience connection.
- No country can exist without firm control over its broadcasting system.
- The CCA is alarmed by the decline in quality of braodcast programming and the massing intrusion of American television in the Canadian broadcast system.
- The CCA views Pay-TV as the logical extension of the vast and profitable American amusement industry.
- It expresses some skepticism about the sincerity of the officially stated goals for Pay-TV in Canada and notes that the stated goal of producing Canadian programs for Pay-TV is only relevant if such programs, once produced, are an important prime-time component of

Pay TV programming and not cut off from the delivery system.

It points out that a Pay-TV system begun with basically American programming would habituate the viewer to assume, as they have with movies, that Canada has no natural right of access to such an important medium, and present future problems of "re-habituation" for Canadian programming.

- It recommends that the Pay-TV distribution system be under firm regulatory control.
- It states that the "whole point of Pay-TV (after profits) is to recover funds for production".
- It raises a number of complex and unanswered questions about distribution of revenues, program selection, guaranteed access, regionalism and languages of production.
- It raises two particularly significant questions: What would be the definition of "Canadian" for production? and; Are the small amount of production funds and few programming hours to be devoted to Canadian programming, under currently advanced Pay-TV models, adequate compensation to Canada "as a nation" for establishing yet another system which would feed most of its revenues out of the country to support American production?
- It castigates Madame Sauve for her "jig time" deadlines and failure to call public hearings on a subject of such significance.
- It reasons that such haste "almost guarantees the adoption of badly thought-out policies, short term solutions with special benefits to those vested commercial interests most able to 'win by default'". It notes these vested interests have a lamentable record in the development of Canadian programming. This speed mitigates against other groups with contrary interests and fewer facilities to research and respond.

- On summary, the CCA submission restates the significance of Pay-TV as a revolutionary force in Canadian broadcasting, one which offers no precedents, and urges that the complex questions it raises- particularly the relationship of Pay-TV to allied industries and the ailing Canadian broadcasting system- be subjected to much greater examination, debate, and public hearings.

Critique:

The CCA submission represents the numerous and valid fears of what should be a major participating force in the development of Pay-TV in Canada: the performing arts. It addresses itself to the larger issues and does not advocate solely from self-interest.

Many of its criticisms of the concept of Pay-TV, and the over-all negative tone to its introduction, are based on the assumption that Pay-TV would be introduced as it is commonly conceived, i.e., as an adaptation of the American system.

This submission, deliberately titled "interim", does not make detailed recommendations nor advocate an alternative system. Presumably, the purpose of its major recommendation to "slow down" is to facilitate the development of more specific proposals later. The fears expressed in this brief are quite valid.

CANADIAN FILM DEVELOPMENT CORPORATION (CFDC)

Title: Letter adressed to Harry Boyle, CRTC, from Michael Spencer, CFDC.
Date: October 1, 1976
Pages: 2

Summary of Position:

The CFDC reiterates its June, 1975, position which proposed a levy on Pay-TV revenue of at least 15% of gross revenue to be paid to Canadian producers, and a quota for Canadian content based on a "flexible" definition of Canadian. Half the levy is to be automatically returned to the producer on the basis of marketplace performance. The remaining 50% is to be dispensed by the CFDC on a discretionary basis to production companies. Some of it could go to broadcasters and non-feature film producers.

The CFDC believes that it is the most suitable Government agency to administer Pay-TV and the proposed levy fund. They cite their experience; their proposed new mandate which permits investment in television production; and their low overhead. Actual production should be undertaken by the private sector.

In conclusion, the CFDC acknowledges that Pay-TV would "increase the amount of non-Canadian programming available for Canadian television viewers and this might not be a desirable objective for the Government and the CRTC". Spencer states his support of the position taken by the "CBC and other groups" that no decision be made on Pay-TV until public hearings are held.

Critique:

The CFDC position assumes an American-style Pay-TV system which would be dependent on American programming. This problem would be compensated for by a small levy and quota which the CFDC would administer. The film production industry

has certainly rejected the American model for Pay-TV no matter what else it may have suggested in its place.

In June, 1975, the CCFM advocated that a public agency such as the CFDC operate a Pay-TV network. We have decided against that recommendation for a number of reasons. Further study has revealed that the complexities and scope of Pay-TV as the harbinger of the wired city warrant a separate public agency. Secondly,the CFDC has exhibited a tendency to yield to American pressure. That tendency is evident in the premises of this letter: primarily an American content service with a flexible definition of Canadian film and a low financial return to Canadian production. This sounds very similar to the PTN proposal except the network would be a public enterprise.

CANADIAN BROADCASTING CORPORATION (CBC)

Title: "Pay Television in Canada: The CBC's View"

Date: September 30, 1976

Pages: 34 plus 4 appendices

Summary of Position:

"In the end, we are clear in our overall conclusion - we judge it highly unlikely that Pay-TV would contribute positively to achievement of the Broadcasting Act's objectives. Indeed, we believe Pay-TV were it to be introduced into Canada, would be a net negative force." (p. VI-3)

That is the basic tenet of the CBC brief. The CBC does not accept the fact that Pay-TV is inevitable but, having said that, it proposes a Pay-TV model which it believes will generate large profits. These profits would then be divided with 75% going to all broadcasters for Canadian production and 25% going to the CFDC.

On the one hand the CBC suggests a Pay-TV network should be a mixed company with a majority of directors from the public sector (CBC-3, CFDC-1, Order-in Council-2, CTV-2, CAB-1, CCTA-1). On the other hand, the CBC hints that Pay-TV should be CBC-2 which would be a minority interest programming cable channel, without advertising, doing the things a public broadcasting network should do, such as broadcast sessions of Parliament. CBC-2 would be available to all cable subscribers.

Either way, CBC can accept Pay-TV if it is controlled by the CBC, or at least designed for the benefit of the CBC. Otherwise, Pay-TV cannot meet the objectives of the Broadcasting Act. The CBC-2 idea sounds very close to the CCFM proposal of a mandatory universal Pay-TV channel, except it would not be independently programmed.

The CBC also requests public hearings on Pay-TV before the CRTC.

Position:

The CBC makes five statements defining Pay-TV which require comment.

1. Pay-TV must be looked upon as an alternative to "free" television - but one that is bound to be available to many fewer persons.

If Pay-TV is delivered by cable (which the CBC assumes in its brief), it will pass 80% of Canadian homes by 1980 and nearly 70% of Canadian homes will be cable subscribers according to the CBC estimate. This is as many viewers as CTV had when they went on the air. Therefore, cable delivery will be able to reach the vast majority of Canadians.

CBC assumes that Pay-TV will have a 25-30% penetration of cable subscribers at a substantial monthly fee, such as PTN proposes. Of course, this need not be the case as their own CBC-2 proposal shows. Pay-TV can be as universal as the cable system.

CBC is correct when it says Pay-TV should be an alternative to commercial TV. The economic base is different and this allows potentially different programming especially on a pay-per-program system. This fundamental difference between subscriber-supported television and advertiser-supported television should be welcomed and encouraged. Pay-TV could help redress the underfinancing of the Canadian broadcasting system.

2. "It is a medium offering "box office" type mass entertainment programming, chiefly feature films and sports - if U.S. experience is any guide."

This is indeed the experience in the U.S. Pay-cable depends primarily on movies which make up 60% of Home Box Office's schedule. However, Hollywood is not producing sufficient quantity to meet Pay-TV demand, or theatrical demand.

Whether Canadian Pay-TV follows the American model is a crucial question. If it does then we will be swamped with American programming which will amount to an economic and cultural loss. However, it does not have to follow the American pattern. Like most Pay-TV critics, the CBC criticizes one Pay-TV model and doesn't explore substantially different models.

3. "In Canada, it would be virtually certain to be patterned on the successful U.S. model and thus to be dominated by American movies and sports - given the most optimistic estimate as to the number of Canadian films our film industry will be able, successfully, to produce for Pay-TV and theatrical distibutors."

Again, this statement is true if the American model is followed in Canada. Again, it is not true if it isn't. A mandatory Pay-TV channel is not subject to the mass-appeal demands of the marketplace and, therefore, need not program like a mass-appeal channel.

4. "Because of its central characteristics, Pay-TV would not be an appropriate vehicle for the specialized programming that is not yet being offered on off-air television."

This is not a demonstrable statement. The CBC exhibits confusion in its explanation of this statement. It admits on p. II-4 that there is an "undeniable need and perceptible demand for such specialized programming". It then assumes that subscriber-supported television cannot meet that need while the existence of this need means the off-air broadcasters (including the public network) have not been able to supply the variety of programming which the audience demands. They cannot supply specialized or minority interest programming because of the economics of commercial television which are powerful even in the public network.

The economics of Pay-TV are different from commercial television. An audience of 50,000 is potentially viable while this is unacceptable for commercial TV. But small audiences are more applicable to pay-per-program than to pay-per-channel.

Rather than accept the principle that Pay-TV might offer a solution to the minority audience demand, CBC suggest CBC-2 which sounds like universal Pay-TV.

5. "Because of the existence of other public and private institutions in Canada, Pay-TV would not be an appropriate vehicle for producing. commissioning, or financing feature films."

This statement cannot be backed up. If the CFDC had unlimited funds, then it might be an arguable proposition. Since the CFDC does not, it is not. No one has suggested a Pay-TV network which produces its own material, but one that commissions material from other producers.

The CBC brief goes on to weigh the costs of Pay-TV. They are the importation of more American material with negative cultural consequences; the inability of a francophone Pay-TV system to become financially viable; the fragmentation of Canadian television audiences; and the danger of siphoning programs from commercial television.

These are all legitimate concerns. It is important to note that a Quebec francophone Pay-TV channel (if structured along American lines) could not exist unless it were subsidized - either by the anglophone system or public revenue. Only 360,000 francophone households subscribe to cable service. If Pay-TV reaches 100,000 of these at $8/month then the system will have a gross annual revenue of $9,600,000. The CBC estimate that only 12% of Quebec cable subscribers will take Pay-TV is probably an understatement. The reason French-Canadian cable penetration is half the English-Canadian figure is the fact that cable's American English-language channels are less attractive to Quebec. But Pay-TV would be in French and there is no theoretical reason to suppose it would be interesting to only half as many francophones as an English channel would be to anglophones. In fact, the Gallup survey cited at the beginning of this section indicates that interest in Pay-TV is higher in Quebec than in any other province.

Fragmentation of between 4-8% of the present off-air audience is the general estimate on a pay-per-channel system. The fragmentation for pay-per-program would be negligible. Other estimates suggest fragmentation toward the lower end of this scale. If Pay-TV were carefully scheduled to minimize this effect, and if prime-time programming were primarily Canadian, then this would not be a large problem. However, the CBC is right to suggest an American-style mass-appeal channel will fragment the Canadian audience.

The CBC appears concerned by siphoning of talent as well as programs. Program siphoning may not be a problem except with sports because sooner or ater all Pay-TV programs will reach commercial television. Live events such as sports will have to be regulated.

CBC Model:

Despite these many problems, the CBC does have a Pay-TV model. CBC believes that a profit of $12-20 million could be made on a gross revenue of $60 million. They arrive at this figure by re-arranging the breakdown of revenue.

According to Paul Kagan, the average pay-per-channel system in the U.S. divides its revenue as follows on an $8/month fee:

44% - cable company
11% - network
45% - program producer

The CBC believes this breakdown can be changed since the Canadian cable system is mature. Thus an $8/month fee can be split:

36.5% - cable company
35% - network (25% profit)
28.5% - Canadian producer

The CBC explains in some detail how it reaches this breakdown, except it doesn't seem to explain whether any foreign programming is to be purchased. If it is, then the profit would be reduced accordingly. This analysis does show that even if 25% of the gross revenue goes to foreign production (as

it would with PTN), an American-style system can still support 28% of revenue to Canadian program production rather than the 15% offered.

As explained above, the mixed public-private network would then turn over 75% of its profit to the broadcasters and 25% to the CFDC. One argument the brief uses to justify this breakdown is the statement that more people watch television than watch movies. They also point out that movies are drama and the skills are the same whether by the hour or half hour.

Appendices:

Like the rest of the brief, the information in the appendices is fine as long as you don't challenge the assumptions upon which it is based. The financial breakdown of the operation indicates that security devices are the largest charge against the operating revenue of a Pay-TV system. If the security technology doesn't exist, then the economics radically alter.

The satellite distribution costs seem to involve fewer earth stations than a broad-based system would need. Satellite would probably cost more than the CBC estimates.

Critique:

The CBC position is a strong criticism of the PTN proposal. Its alternative however is based on this model and would seem to suffer from many of the criticisms which the CBC brings out against the PTN proposal.

The brief does not disprove the validity of Pay-TV, but it does help to demolish the American model of Pay-TV. For several reasons, the CBC model is not a satisfactory proposal: its programming is vague; it would be handicapped by the vested interests sitting on its board; and it would squeeze program production money for Pay-TV to increase profits to put program production money into the hands of its competitors.

The CBC position is a good argument for the need for an autonomous Pay-TV network not under the control of any vested interest - cable or broadcaster or independent producer.

CHANNEL 79, LTD. (Moses Znaimer)

Title: "Proposed Structure for the Introduction of Pay Television in Canada"
Pages: 8
Date: October 1, 1976

Summary of Position:

This brief only deals with one aspect of the Pay-TV universe - structure. Znaimer suggests a two-tiered system. The first tier would be many Pay-TV exhibitors (called EXHBITCOs in his brief) which would be profit-oriented companies with equity participation from cable and broadcasting interests. These companies would distribute Pay-TV via cable, or off-air, but one company may include the territory of many cable systems, or broadcasters.

The second tier would be the network distributor. It would be a profit-motivated organization, but one which would not collect money - only pass it on to producers. This network could be public or private; it could be a national monopoly if run along accounting non-discretionary lines; or it could be several companies. Znaimer prefers three networks in English Canada - one for the west, one for Ontario, and one for Quebec and the Maritimes. These are called PROGRAMCOs.

Model Breakdown:

Znaimer suggests that the dollar be divided with the many exhibiting companies keeping 45 % and the network or networks taking 55%. The distribution of the 45 cents for overhead, box amortization, installation and other services, and profit, is not specified.

The network keeps 5% for its overhead; puts 5% into a fund to be distributed among broadcasters in compensation for audience fragmentation; and the remaining 45% goes to Canadian producers or, in the case of U.S. producers, 25% goes to the producer with 20% being put into a "Canadian Film Reinvestment Fund". This offers more than PTN's 15%.

Critique:

Znaimer really doesn't say much and there is little to comment upon. His major concern seems to be the need for a certain flexibility in structure and consequently a certain amount of decentralization. Znaimer suggests vertical decentralization with the two separate tiers, and horizontal decentralization both in the exhibiting companies and the several regional networks (which might combine to buy foreign material).

Znaimer has dropped his plan for a Pay-TV "test bed" which would be conducted by CITY in Toronto before national implementation of Pay-TV. That idea was put forward in his brief last year and also in public statements throughout the summer. It did not meet with support and he has dropped it (the sale of CITY to Multiple Access may have been a factor in this decision). The "test bed" has been picked up by others, such as Global in its back-up position and Canadian Broadcasting League, as another tactic to delay implementation of Pay-TV.

Znaimer's concerns about the potential abuse of a monopoly network are well-founded. He has attempted to provide an alternative to the problem of "network control" which Peter Pearson attempted to do by espousing a

"common carrier network". Znaimer doesn't seem to have a preference for a public or private network. Regional networks are an idea which might be combined with others to overcome some of the problems that many people feel with Toronto-centric programming (in English). The basic drawback is the question of efficiency, but most programs would play on all networks since they would have territorial monopoly for their region.

PTN - PAY TELEVISION NETWORK LTD.

Title: "Structuring the Introduction and Development of Pay Television in Canada"
Pages: 32 plus 6 appendices
Date: October 1, 1976

PTN Representation:

PTN is a consortium of 105 cable operations listed in the first appendix of their brief. This number is far short of the 413 systems in Canada, or the 256 which Colin Watson said made up the group at the August 19th CCFM seminar on Pay-TV. The figure 105 includes many systems which are owned by one group, such as Canadian Cablesystems. It also includes companies which do not appear to fully support the PTN position. MacLean-Hunter Cable TV is a PTN subscriber, but a senior official of MacLean-Hunter Cable announced at a meeting of advertisers in mid-October that his system wanted to delay implementation of Pay-TV, and called for public hearings.

There is a strong representation of Quebec systems on PTN - about 25 in all. However, eleven Quebec systems including the largest, National Cablevision, have put in a separate proposal. Four of this group did not join PTN and about 16 that did sign the PTN brief did not sign the alternative Quebec brief. If PTN comes into existence, a complementary Quebec system with many common directors will be the objective of many Quebec cable systems. This Quebec system will be separate from PTN legally. It would seem many Quebec cable operators are playing both sides of the street just in case. That would seem to be the approach taken by many of the subscribers to PTN such as Maclean-Hunter. If PTN gets a Pay-TV license then many more cable systems will probably join, but right now only one quarter have.

Summary of Position:

This brief is an extension of the position put forward in June, 1975 by Canadian Cablesystems Ltd., Premier Cablevision Ltd., and Rogers Cable TV Ltd., called "Pay Television: The Opportunities, Challenges, and Approach...". Not much has changed except for an additional year's research.

This is the one submission - save CCTA - which is totally enthusiastic about the introduction of Pay-TV and wants to run the network.

The PTN brief makes innumerable assumptions and lays out a plan for a pay-cable system based on the American model. This position is justified on the basis of increased monies going into Canadian production. The brief does not deal with alternatives to PTN, but assumes that other options are "unrealistic". On p. 3 the revenues which will be returned to Canadian production are estimated between $30-50 million over 6 years or $5 million per year average at the lower figure. Estimates in other parts of the brief vary widely.

PTN states its objective is to expand quality program production and use Canadian creative resources. It will depend primarily on feature films which it will buy at a discount from U.S. sources because it assumes it will be a monopoly. This monopoly will allow it to save 15% which will go to Canadian production, with 25% going to buy foreign production. PTN makes no statement about the quantity of Canadian production which 15% will buy.

On p. E-5, a table states that in 1978 PTN will schedule 84 U.S. movies and 4 Canadian. This ratio changes until 1982 when 72 U.S. movies are added to 13 Canadian. This is about 5% Canadian content moving up to 18%.

PTN suggests that bicycled videotape is the cheapest method of national distribution, while cable systems will handle local distribution. In areas without cable, over-the-air Pay-TV would be the local distribution method. The system will start with a single channel pay-per-channel system eventually moving to pay-per-program multi-channel in the distant future. The network will be responsible for national marketing.

PTN estimates 380,000 pay subscribers in year one, rising to 1,180,000 in year five. This assumes penetration of basic cable subscribers goes from 10% to 30%. The basic fee will be $8/month per subscriber. This revenue will be broken down as follows:

55% to the cable operator
25% for foreign programming
15% for Canadian programming
5% for the network

They break down the Canadian production budget further:

58% film investments
13% film purchases
2% screenplay development
27% other programming

Security will be maintained by a combination of devices depending on the size of the system. The assumption is that smaller systems will need softer security while big-city systems will need sophisticated devices. Thus, filters or positive traps, negative traps, and descramblers will be used. At 20% penetration positive traps cost $10.; negative traps $32.; and descramblers $55.

The PTN network will handle program purchasing, marketing, distribution, and other administration of the national system. There will be a Francophone programming and marketing arm in Quebec. Local exhibitors (i.e., cable operators) will have some unspecified discretion to program local material and they will handle local marketing.

The network will invite broadcasters and program producers (including a seat offered to the CFDC) to join the network, but cable interests will maintain a majority interest. Between one-third and less than one-half of the board of directors will be representative of non-cable interests. The cable companies will lend PTN $2 million and put up $500,000 in equity investment to get the system off the ground.

Critique:

PTN has been unable to attract broadcasters or program producers to join it despite several months of ardent wooing. They have been unable to attract even a majority of Canadian cable systems at this stage, and many which have signed up are expressing reservations of one sort or another (such as the Quebec group and MacLean-Hunter).

This has been the most publicized Pay-TV option and it has become the most heavily criticized in submissions to the CRTC. These criticisms are valid. This proposal, if ever implemented, would be a disaster for Canadian broadcasting with minimal compensation for Canadian production.

Furthermore, it may be a disaster for PTN. As their brief states on page 6, the "U.S. experience is still incomplete". That experience is looking more and more like consumer resistance to the model that PTN proposes, with disconnections running an average of 25% annually and mature systems unable to rise above 12% penetration of homes passed by cable with the $8/month for 8 new movie package which PTN will offer.

The main criticism is that PTN suggests collecting between $38 million in year one to $100 million in year five, in order to return $5-15 million to Canadian production yearly. This is unacceptably inefficient if the goal of the system, as PTN itself claims, is to help Canadian production.

The second criticism is the fact that PTN would basically be an American channel with probably a maximum of 10% Canadian air-time which is all that 15% of gross revenues in Canadian production can be expected to buy. A heavily-weighted American movie subscription channel would have maximum fragmentation effect on Canadian channels in prime time since this is mass-appeal programming.

The cultural effect of an American movie channel would overturn the policy directions the CRTC has attempted to lay down for the last 8 years. Another American-content channel is socially and culturally unacceptable.

A third criticism is the past programming performance of cable systems. The community cable channel is suffering from neglect by most cable systems. The example of Videotron merely highlights the incredible waste-

and on other systems. The CRTC suggested that 10% of cable revenues go into the programming of the community channel. The average figure is 3.4% and that is mostly hardware costs. Should, therefore, a third national network be entrusted to a consortium of cable operators on the basis of this past performance?

While PTN explains in their brief how they would run Pay-TV, they do not explain why they should be allowed to run it. Everything in their brief is written from an extremely limited perspective. They have a position and research simply backs up the foregone conclusion.

Appendix B of their brief is a good example of this approach. This is a survey of 400 cable subscribers in Toronto undertaken by Goldfarb Consultants Ltd., from questions prepared in consultation with PTN. The survey discovered that 65% of cable subscribers had heard of Pay-TV, but 82% of those subscribers had little or no knowledge of Pay-TV. 35% said they were somewhat or very likely to subscribe to Pay-TV (which was described as offering new movies). The definition of Pay-TV for the survey was the PTN definition.

The price options suggested were $6 or $8 for 4, 6, or 8 movies monthly. The survey suggests that the market is relatively price insensitive between those two figures. However, the survey did not ask whether 2 movies for $2 or 3 movies for $3 would interest the subscriber (though the San Jose and Lansing, Michigan rates are mentioned elsewhere as examples of high penetration, with the former 100% and the latter 71%). These price ranges

were too restricted for an accurate appraisal. Del Henry's research for San Jose discovered subscribers are very price sensitive.

Payment preference was limited to pay-per-channel and the result - subscribers prefer a monthly bill - is meaningless. The survey does indicate a surprising interest in documentary films and live theatre as well as sports and movies. This may have been caused by normal survey braggadocio or it may indicate that Canadians have different tastes than Americans whose surveys don't indicate any significant interest in documentary films or live theatre.

Technically, the PTN brief is very complete, but a number of questions are raised by some of the figures. For example, p. F-5 has a chart which lists Telesat annual cost for 2 channels on Anik II as $1 million. This should read $4 million. Apparently the discrepancy is caused by the assumption that the two channels would be multi-plexed with resulting poor quality. PTN has apparently underestimated satellite costs and has not calculated earth station costs.

While videocassette delivery may be the cheapest method, it also precludes live events such as sports. This seems like a major limitation of such a delivery system.

The advantages of cable delivery which PTN lists are quite true, but cable channels can be leased. Control does not need to rest with the cable operator.

Despite the many risks for PTN in its proposed Pay-TV plan, the cable operators are anxious to get started in "optional services" which can be carried on their cable. They see Pay-TV or the movie channel as the first step in many "wired city" services they can offer in the future. Some of these services may be more profitable than a movie channel.

The PTN approach illustrates the problems attendant on private sector control of these future services. The alternatives are public enterprise or a regulated common carrier like Bell Canada.

PTN appears to be a thinly disguised extension of American program delivery on Canadian systems, with minimal compensation to Canadian production. It has been rejected as such by virtually all sectors of the production and broadcast industries.

CANADIAN BROADCASTING LEAGUE (CBL)

Title: "Pay Television: A Considered Proposal"
Pages: 41 plus three appendices
Date: October 1, 1976

Summary of Position:

Basically, the CBL does not want to see Pay-TV introduced into Canada. They believe that any revenues which Pay-TV directs toward program production will be very modest and more than offset by the decline in ad revenue suffered by the commercial broadcasting system. They have put the Pay-TV issue in a historical context and see it as another erosion of the public interest. It is seen as especially detrimental to the CBC and the aims of the 1968 Broadcasting Act.

They want to see the issue put before a public hearing conducted by the CRTC. If Pay-TV is inevitable, they then want a "test-bed" introduced for evaluation of social, cultural, and economic impact. At that point they suggest a public enterprise model which is outlined below. If the introduction of Pay-TV is as urgent as the Government has made it appear, they want the reasons for that urgency made public.

The CBL sees Pay-TV as one of a number of issues which indicate that the entire Canadian broadcasting system must be re-examined and a new plan must be created to restructure Canadian broadcasting in the public interest. The CBL suggest this should be accomplished by a commission (presumably modelled on the 1929 Aird Commission or the 1950 Massey Commission).

CBL Critique of Proposed Models:

The CBL lists a number of criteria which a Pay-TV system must meet before it can be introduced into Canada. First, Pay-TV must not damage the existing elements of the broadcasting system by siphoning programming or fragmenting audiences. It must offer a significantly different service to consumers than commercial television now does.

"The public interest also requires that the pay service should be national in character and that it should serve both English and French-speaking populations; that the public sector broadcasting (CBC/Radio-Canada) and public interest broadcasting be strengthened; that the distinction between the programming function of broadcasters and the delivery function of cable operators be maintained; that the cost for the product which the consumer receives be reasonable; that the livelihood of existing movie distribution and exhibition systems not be unduly harmed; that a reasonable Canadian content quota for pay television be established; and that the greatest possible share of pay television revenues be channelled back into the Canadian programme production industry, to promote improvement in the quality of Canadian programming." (p.11-12)

They go on to criticize existing Pay-TV proposals because the introduction of Pay-TV is technologically premature, and because the broadcasting and cable groups which want to control Pay-TV are already heavily concentrated in ownership. The CBL believes that if either group controlled Pay-TV it would be detrimental to the public interest for that reason.

They estimate that if Pay-TV is available to all cable systems with 1000 or more subscribers, then total pay subscribers will be 470-580,000 with total annual Pay-TV revenue of $45-56 million. Therefore, Canadian production could expect $6.75-8.5 million annually if given 15% of this total. If only systems with 6000 or more subscribers offer Pay-TV, than Canadian production revenues would be in the order of $3 million or less.

With this amount of money available, they believe it is unlikely that more than 10% of the schedule could be filled with Canadian programs. They also estimate that advertising revenue lost in Hamilton, Toronto, and Vancouver will amount to $1.2-3 million annually. Thus, Pay-TV would likely put into production only as much money as commercial broadcasting would lose. This makes the introduction of Pay-TV as a means of producing Canadian programming unacceptable.

The CBL suggest that a better way to achieve this laudable goal - more production money - would be a 5% tax on all cable revenues (reducing profits before tax from 22.5% to 17%) and a levy of $1 per year per subscriber for each channel delivered by cable. They estimate these taxes should raise $30-40 million for production rather than $3-6 million.

A further concern is that a choice of technology today may lock Canadian communications into an obsolete technology which will inhibit the use of future technologies such as optical fibre.

<u>CBL Pay TV Model</u>:

CBL wants Pay-TV to be controlled by an independent public agency which would own all Pay-TV hardware; commission and purchase all programming; run the network; and distribute the signal nationally. Should this authority make a profit, this profit would be used to purchase additional programming and would go into a Media Development Fund.

The Media Development Fund would receive revenues from the 5% tax on cable income; the $1 per year per subscriber per channel cable levy; and Pay TV network profits. They suggest this money should be divided as follows:

60% to commercial TV (60% of this to CBC and 40% to private TV)
20% to CFDC
10% to community cable channel
10% in grants to innovate film and TV production

Canadian content would be defined by the CRTC. CBL believes a quota is necessary and it should start at 30% in the first year rising to 50% in the fifth year.

Canadian program production should receive 21% of the gross revenues in the first year and rise to an unspecified amount. This figure is presumably on top of the Media Development Fund.

National distribution should be via satellite with local cable delivery mandatory. Over-the-air Pay-TV should be used where cable delivery is not possible. The cable channel would be leased and the cable companies would have no control over the channel.

Critique:

The CBL concerns are correct and we believe their position is fundamentally valid. They are suggesting a mandatory and universal system which would tax the basic cable revenue to support Canadian production rather than tax Pay-TV revenue alone with a 15% levy which would produce inadequate revenues.

They are properly concerned with the impact of cable itself on broadcasting and the impact of a cable-run Pay-TV system. The criteria they set out for Pay-TV seem to cover the field very well. They point out that giving Pay-TV to any vested interest (cable or broadcasting) is not a solution to control of Pay-TV. A public system is the only control that all contending groups could live with unless a private system were a regulated "common carrier" which doesn't seem possible without a pay-per-program system. Such a system would require a better-developed program production industry than we presently have in Canada.

They rightly point out that Pay-TV is premature - especially if it would involve commitment to a technology which may prove obsolete. The CBL solution to this problem is a "test-bed" which would experiment with technologies in a limited market. However, a universal system doesn't require a technological commitment and such a system would make a test unnecessary.

The specific model recommended by CBL is an attempt to solve the fundamental problems which they find in Pay-TV as presently conceived. Like many other organizations concerned with the long term health of Canada`s broadcasting system, CBL views the American model of Pay-TV with great scepticism. An alternative method of introduction seems to them the only viable means of proceeding.

CBL's general conclusion is that Pay-TV designed along the lines of the PTN proposal (which is the prevalent American system under Home Box Office-Telemation Program Services), will not meet the goals of the Broadcasting Act of 1968, and will not add substantial income to Canadian program production.

GLOBAL TELEVISION, CAN WEST BROADCASTING LTD., WESTERN APPROACHES LTD.

Title: "A New Perspective on Pay-TV: The Global Alternative"
Pages: 32
Date: October 1, 1976

Global serves southern Ontario and the other companies run independent stations in Winnipeg, Edmonton and Vancouver.

Global has put forward an alternative to American mass appeal Pay-TV which they call "Target Television". This is 100% Canadian content, minority interest programming, mandatory cable delivery for a $1/month rate increase to go direct to programming. Global is suggesting pay-per-channel universal delivery.

Global is against the American model because:

"1) The mass-appeal American version of Pay-TV, if imported wholesale Canada, could be a disaster for the existing broadcasting system, and a denial of the national objectives spelled out in the Broadcasting Act; and
2) The best way to meet the government's objectives for Pay-TV is by a unique approach based on the exact reverse of mass-appeal programming." (p.1-2)

Global goes on:

"We are concerned that the introduction of Pay-TV into Canada would become yet another example of cultural and economic imperialism. At its worst, Pay-TV could mean only the enrichment of a handful of American film-production and equipment manufacturing firms, at the expense of the Canadian television viewer, and to the detriment of the Canadian production industry." (p.2)

This is strong stuff. However, enlightened self-interest may also be behind the conversion of Global to the 100% Canadian proposal. Minority or special-interest Pay-TV will be less of a threat to broadcasters which must depend on mass-appeal American programming to attract advertising.

Global is taking the onus of minority programming away from the broadcasters and asking that cable subscribers pay for the programming of this channel. To make sure no attractive American entertainment sneaks on, they have adopted the "all-Canadian" proposal for Pay-TV. It is in their self-interest to solve the potential siphoning and fragmentation problem by making sure Pay-TV doesn't offer competitive programming. This is a much more sophisticated solution to these issues then CBC or CTV have offered. Global has even taken to warning about cultural imperialism which is presumably a greater threat on Pay-TV than it is on a commercial broadcasting network - such as Global.

Enlightened self-interest cannot be disparaged. Global is correct in its negative assessment of the cultural and economic damage American-style Pay-TV would do. It does not necessarily follow that Canadian Pay-TV must be <u>only</u> specialized programming or <u>only</u> Canadian content, but it does follow that it should be overwhelmingly both. The major problem is that specialized programming is a better economic risk on a pay-per-program system than on a pay-per-channel system - at least for the network.

Global goes on to point out that 15% return to Canadian programming from Pay-TV is an unacceptably inefficient means of financing Canadian production.

Global Model:

This alternative is called "Target Television" and is designed to attract the people who are not watching television, potentially the largest television audience of all.

Each cable company would be required to allocate one channel for Pay-TV. Specialized programs would be produced only by Canadian companies. It would be funded by a levy of $1 per month per subscriber which each cable system would pay. This would raise $33 million. The cable companies would be allowed to keep 15% to cover their costs (an ironic percentage), and the remaining $28 million would go to buy Canadian production.

The 15% return to cable operators is designed to cover losses incurred by disconnections which the raised rate causes. Global estimates that $28 million could yield 1,000 hours of special interest programming at $30,000 per hour. With repeats, this money could fund a 6-8 hour programming day.

Another advantage is that this is a universal system which requires no expenditure or commitment to technology. Every cable subscriber gets the service so there is no need for security or metering.

Backup Model:

Even though Global is quite happy with "Target Television", they added a mass-appeal American-style proposal to their brief just in case others don't join their conversion to a "radical" Pay-TV alternative.

This model suggests a test for 2-3 years. Global will offer to transmit a scrambled Pay-TV signal to the head-ends of the 100 plus cable companies in the Ottawa-Windsor corridor. Non-cable subscribers would be able to pick up the signal with their own decoder and antenna.

The backup model suffers from most of the problems Global attacks in the rest of its brief. Like every private company, and some public companies, they are saying one thing and adding that if American-style Pay-TV must be done, they will do it. Unenlightened self-interest.

Summary of Position:

This is an amazing document coming from the broadcaster which told the CRTC that it could not continue as a viable broadcasting operation in Canada if it had to meet the 50% CRTC Canadian content quota. It is also amazing in that that same broadcaster, Paul Morton, owner of Odeon-Morton Theatres in Manitoba and CKND-TV in Winnipeg, and a director of Global, told the Winnipeg Film Symposium in February 1974 that "The Canadian film industry will be destroyed if Canadian theatres are forced to show Canadian films".

The only explanation for this brief is that Global consultant Seymour Epstein saw the light on the road to Damascus while listening to Peter Pearson at the CCFM seminar on August 19th. There is no more likely explanation for the fact that Global has put forward the Pearson proposal in most of its particulars.

The Pearson proposal was for a pay-per-program system with a common carrier network, mandatory cable delivery of the channel for a basic fee, and 100% Canadian content which would mean minority interest programming.

Critique:

In general concept, Global's "Target Television" is a tremendous approach for Pay-TV. There is a mandatory income which is a tax on cable subscribers who will pay more for the convenience of watching American channels - and should pay more. Most of this money goes to Canadian production. There is no commitment to technology, and no need to amortize hardware. It is a Canadian channel to balance the many American channels cable now delivers.

The only problem is the strict denial of mass-appeal programming - whether Canadian or not. This is good for the broadcasters, but not necessarily for the Pay-TV channel which might come under unnecessary public criticism from people who can't find their "target" programming.

Global's description of their idea in a press summary is worth quoting:

"Global sees the advent of Pay-TV as a choice between imitation and innovation. Imitation - through wholesale importation of the U.S. approach - would be a disaster. Innovation - a bold initiative in Target Television - could give the Canadian cultural, entertainment and information industries a pioneering role in special-interest programming, which we believe will become an important segment of the world television market."

ASSOCIATION OF CANADIAN TELEVISION AND RADIO ARTISTS
AMERICAN FEDERATION OF MUSICIANS
CANADIAN ACTORS' EQUITY ASSOCIATION
CANADIAN LABOUR CONGRESS

Title: "Submission by ACTRA, AFM, CAEA, and CLC to CRTC on the Subject of Pay TV"
Pages: 5
Date: September 28, 1976

These groups represent not only the English-Canadian performers and musicians, but also most of organized labour in Canada. The CLC has 2½ million members, ACTRA has 5,000, AFM has 30,000, and Equity has 2,000.

Summary of Position:

An attached press release states that this brief is presented "because of the alarm caused by the danger of the Government implementing a pay television system without the necessary careful and judicious examination of the implications in the context of Canada's broadcasting and entertainment needs". This sense of ill-considered and poorly explained rush to introduce Pay-TV is a strong thread in this brief (as it is in the Consumers Association of Canada brief and to a lesser extent in the Canadian Broadcasting League brief).

This brief insists that Pay-TV must not be introduced unless it strengthens the goals of the Broadcasting Act. The potential of Pay-TV to fragment the present broadcasting system and adversely affect Canada's cultural development is recognized.

The signatories want the decision on Pay-TV delayed at least to allow time for further study of the subject and a public hearing on the two basic elements of a Pay-TV operation - "the carrier - the programs".

The Carrier:

The signatories believe the delivery system for Pay-TV should be a common carrier without responsibility for programming. The medium would be completely separated from the message. The carrier would supply only an efficient distribution network with appropriate technology. The number of Pay-TV channels should be examined in the light of possible fragmentation and siphoning from commercial broadcasters. The carrier would collect the money and disburse it to the programming network and the producers.

Programs:

"The last thing Canada needs is yet another vehicle for the distribution of foreign television programs." (p.4)

The programmer would be a non-profit public agency and it would acquire, commission, and schedule programming.

The brief goes on to define problems, but doesn't suggest answers except to reinforce the need for further public debate. The signatories endorse a pay-per-program system.

Critique:

This brief is interesting in that it makes a suggestion that appeared three years ago in the "Committee on Television" brief to the CRTC on the occasion of the CBC license hearings in Ottawa. The Committee on Television suggested splitting the CBC into its hardware and software functions to make sure the distribution of the signal (housekeeping) did

not overwhelm the programming (raison d'être) of public broadcasting.

The main point of this brief is simple and to the point: don't make a hasty decision on Pay-TV because of external pressures. The subject is too important.

DIRECTORS GUILD OF CANADA

Title: "Brief to the CRTC on the Introduction of Pay Television to Canada"
Pages: 16
Date: September 30, 1976

Summary of Position:

The Directors' Guild wants Pay-TV if it can be structured to benefit Canadian production. They agree that the introduction of Pay-TV is an event of critical importance to the creative community. They want a public hearing to help decide on a feasible system.

They begin their brief with a number of observations. They say Pay-TV is the first opportunity that independent Canadian producers will have for direct access to the Canadian market. They point out that the Canadian industry has been severely disadvantaged by the giant next door. The American industry has drained off much of the best Canadian talent to produce programs which Canadians then buy. Canada is the largest purchaser of American television production in the world. The Guild says the CBC pays the highest prices for American programs in the world.

The Guild wants to break this cycle of exporting talent and importing entertainment television programming. They see Pay-TV as an opportunity to free the Canadian producer from the restrictions of low budget production and develop a new range of high-quality programming. Pay-TV could be the catalyst which helps break this debilitating cycle.

Assessment of Current Pay-TV Proposals:

The Guild is against the PTN proposal. Their reason is quoted:

"Given the fact that subscription experiments in the United States are losing customers almost as fast as they can sign new ones - and given the abysmally poor record of the Cable Companies in the area of developing new programs - the production people in Canada naturally see this effort as a transparent ploy to use the potential earnings of PAY-TV to consolidate a monopoly position for the Cable Companies in order to obtain maximum profits for their shareholders and nothing more." (p.5)

Their opinion of a broadcaster-controlled Pay-TV network is not much more positive. They point out that the private broadcasters have been back-tracking on their promises since they made them 15 years ago to get a television license in the first place. If the broadcasters control Pay-TV, it will not be an alternative to commercial television but more of the same. The Guild members want an alternative.

They also say that they believe 100% Canadian content is not possible at this time, though it is an ideal which should be worked toward. They believe it is necessary to start off with a lower Canadian content.

Model:

Directors' Guild proposes a Pay-TV model which they call HEP-TV (Happiness for Everyone Pay-TV).

They are against subscription or pay-per-channel television and in favour of pay-per-program. They believe it should be delivered by cable and hardware should be privately owned. National distribution would be undertaken by cassette distribution.

The yearly schedule would be limited to 144 feature-length programs (not necessarily movies) which would each be repeated 8 times. Each program will cost $3. There will be a preview channel and viewers will vote (by interactive cable technology), in advance for the following month's 12 shows. Distribution will be undertaken by the cable operators who will split the revenues 50/50 with the producer of the show.

This voting procedure to determine the schedule will make the Pay-TV channel lowest common denominator mass-appeal programming. The Guild then suggests that the CBC specialize in minority interest programming.

Critique:

This brief plumbs the depths of dissatisfaction which directors have with the existing program production and distribution system in Canada. This dissatisfaction is acutely felt. The Guild's proposal of an extremely limited schedule with many repeats will be necessary in a Canadian Pay-TV system.

CANADIAN CABLE TELEVISION ASSOCIATION

Title: "Producer and Consumer: The Cable Connection"

Date: October 1, 1976

Pages: 24

Summary of Position:

The CCTA is the cable industry trade association representing 295 of Canada's 413 cable systems. The CCTA fully endorses the PTN proposal which its "Long Range Planning and Policy Committee" recommended that all CCTA members join. About one third have followed this advice and joined the PTN.

This brief is a supplement to the PTN brief. It emphasizes the benefits which Pay-TV offer the independent Canadian program producer and the creative community in general. It claims that the goals of the Broadcasting Act are in conflict because the producers want one thing (Canadian production) and the audience wants another (American programming). Pay-TV is portrayed as a positive means of reconciling this conflict and achieving the goals of the Broadcasting Act.

The CCTA wishes to see a Pay-TV network developed without delay and it recommends six principles for the form and function of such a network.

1) The network would be a privately funded national organization commissioning, acquiring, and distributing Pay-TV programs in English and French.
2) Not less than 50% of the ownership of the network would be held by cable companies with the remainder held by broadcasters, producers, and others with an interest.
3) "Prime responsibility of the management of the new corporation would be to stimulate the independent Canadian programming community both by investment and by providing access hitherto denied them by the economics of conventional television" (p. 24)

4) Pay-TV would contribute to the broadcasting system by providing high quality programming to the consumer which is distinct from conventional television.

5) Also, as a contribution to the broadcasting system, it would make its commissioned Canadian programming available to the networks after its Pay-TV run.

6) Existing cable plant facilities are the most economical form of Pay-TV delivery permitting a maximum flow of dollars to go to production.

CCTA rejects:

- Canadian content requirements
- a test bed experiment
- delay of the introduction of Pay-TV in Canada
- a cable/broadcaster consortium of the kind outlined by the Minister of Communications in her June 2 speech.

Their brief offers an ironic but excellent description of the dangers of vested interest in the control of Pay-TV:

"The cable industry's vested interest is clearly in the extensive and highly developed cable distribution plant, which forms the basis for the additional requirements of the Pay television distribution system.
The vested interest of the broadcaster is quite apparently in the protection of its existing commercially oriented and commercially sustained franchise rather than in the increased diversity of programming that would be available to the viewer through Pay TV." (p.20)

CCTA does not mention the susceptibility of PTN to these problems.

Critique:

Since this brief merely supports the PTN position, all the criticisms of the PTN position apply equally here. CCTA presumes that Pay-TV must be based on the American model and that a 15% return to Canadian production is sufficient to justify the social, cultural and economic costs attendant on such a system.

CCTA states that the "prime responsibility" of a Pay-TV network is the stimulation of Canadian production, and they advance the PTN model of Pay-TV as the solution to the problems which Canadian producers have with broadcast television. Their proposed model does not meet that responsibility in theory and it is less likely to meet it in practice.

WESTERN CODED TELEVISION LTD.

Title:"Submission by Western Coded Television Ltd. to CRTC
Re: A Pay-Television Policy for Canada"
Date: September 30, 1976
Pages: 23 plus one appendix

This company is owned by Rae Sutherland. Torrance J. Wylie is the president. Sutherland controls Pay Television Corp. of New York. Wylie also runs an Ottawa-based management consulting firm. Western Coded Television has the exclusive Canadian franchise for Pay-Television Corp.'s Pay-TV technology. This "black box" will be manufactured by Electrohome in Kitchener, Ontario. WCT headquarters are in Edmonton.

Summary of Position:

This brief defines Pay-TV very carefully: "Pay-TV is a regulated exhibition system within the broadcast system which enables interested Canadians to purchase premiere entertainment in their homes on a program charge basis for viewing on the ordinary television set." (p.4) WCT naturally sees their technology meeting this definition better than any other technology is able to do.

The brief states priorities which Pay-TV should set and meet. The first priority should be to the consumer who should have as much freedom of choice as possible. This means Pay-TV should not be limited by the cable system and the consumer should not have to subscribe to cable to get Pay-TV. It also means a pay-per-program service which allows the consumer the choice of picking and paying for only those programs he wants to watch.

The second priority interest, according to WCT, should be the producer. The brief suggests that Pay-TV can allow the Canadian producer of "premiere

entertainment" access to the market which he is denied in the theatrical system and the vertically-integrated broadcasting system. They also believe that a Canadian content quota is necessary. It should start very low and eventually reach 50%. The main benefit to the Canadian producer is a levy on foreign programs which goes into a fund (see below).

WCT considers the interests of broadcasters and cablecasters next. They should be allowed to participate in Pay-TV as a local area exhibitor. Broadcasters should also be compensated out of the production fund for any damage they may suffer as a result of audience fragmentation. In addition, WCT sees the danger of siphoning as the biggest problem for broadcasters which would be solved by strict regulation of the Pay-TV system by the CRTC.

Model:

The brief goes on to define a model which their hardware is well suited to satisfy. WCT emphasizes that non-cable subscribers should be able to take Pay-TV. The Pay Television Corp. "box" is primarily an off-air system which allows this non-cable distribution approach. It is described in detail in the Technology section of this report.

WCT envisages many Pay-TV operators across the country. There would be a separate French and English language license for each market. In many markets only one license would be profitable.These local exhibitors would be required to take all of their programming from the network except strictly defined local programs. In addition, the producer can require that his program be put on the system (if it is premiere entertainment). Pay-per-program format allows this sort of guarantee.

There would also be two networks divided by lanaguage or one network with

two language divisions. WCT suggests that a Crown Corporation would be the best structure for the network which in any case would not be a profit centre. The network would acquire and distribute programming and manage the various funds to compensate producers or broadcasters. It would keep 10% of the gross revenue for its overhead.

The local Pay-TV exhibitor would distribute the signal locally and market the service. He would keep 45% of the revenue. This money would also pay for the hardware. Pay-Television Corp. contracts in the United States have usually specified that lease of their equipment costs 5% of the gross revenue.

The remaining 45% goes to production. In the case of Canadian production, the full 45% is returned on the dollar earned. Foreign production would get only 25%. The remaining 20% earned by foreign programs would go into a fund which would be added to the Canadian producer's basic 45% return.

For example, assuming the total Pay-TV annual revenue is $100 million and Canadian productions earned 10% of this amount and foreign productions earned the other 90%; then the revenue breakdown would be:

1.	Earnings of Foreign Product	=	$90,000,000
2.	25% pay out to Foreign Producers	=	22,500,000
3.	20% held in bonus pool	=	18,000,000
4.	Earnings of Canadian Product	=	10,000,000
5.	45% pay out to Canadian Producers	=	4,500,000
6.	Bonus pay out to Canadian Producers (#3)	=	18,000,000
7.	Total pay out to Canadian Producers	=	22,500,000
8.	Pay out to Canadian Producer per dollar of sales of Canadian Product	=	2.25

Conclusions:

WCT wants to see a national Pay-TV service introduced in Canada as soon as possible with an over-the-air capability. The system should be based on a pay-per-program charge. Canadian producers should have guaranteed access and a higher rate of return than foreign producers. A maximum of two Pay-TV network licenses should be issued (English and French). Many exhibitor licenses should be issued, but each exhibitor has a language monopoly in his market.

Critique:

WCT has defined Pay-TV very carefully because they have hardware which precisely meets their definition. That "box" is very secure, but it has severe feedback problems (from the subscriber to the Pay-TV operator). It would cost about $125. per unit and would commit the system to that particular technology which has yet to be field tested. Such a commitment at this time to any expensive technological system is dubious.

The pay out formula, as the brief acknowledges, was developed by Prof. Hugh Edmunds (University of Windsor). It has a theoretical flaw which makes statistical comparisons between various levels of Canadian content pay-outs difficult: it assumes that the total revenue is constant whether 100% American product is in the system or 100% Canadian content. However, the formula is valuable and it can be applied to any Pay-TV system- not just this one.

WCT uses the 1962-64 Hartford experience to suggest that one buy per week or 4 per month would be the norm. More recent evidence from Toronto and Columbus systems suggest 2.5 buys per month is the current average. Also,

the Hartford system was off-air and it had a lower penetration of tv sets in its broadcast area than cable systems have of homes passed (See Case Study).

Summing up, this proposal should not be followed for two reasons:

1) The technological commitment to an untried system would be huge and costly. Too much money would go into hardware (again) which may become obsolete. Their projections of potential Canadian Pay-TV market revenues at $200 million (30% penetration of all tv households) is too optimistic. Off-air technology presents difficulties in many areas of Canada such as southern Ontario where frequency space is severely limited.

2) This proposal gives Canada a Pay-TV system which will be basically dependent on American programming and this makes Canadian Pay-TV vulnerable to Hollywood blackmail. In other words, the U.S. Motion Picture Export Association can impose uniform rates for its members in their sales to Canadian Pay-TV. This use of monopoly practices in foreign countries is legal under the Webb-Pomerene Act of 1918. Thus we may not be able to count on a 20% differential between the amount paid to Canadian producers and the amount collected from foreign product. Even a Canadian monopoly, if it it dependent on American product, is open to negotiation on this rate.

CANADIAN ASSOCIATION OF BROADCASTERS (CAB)

Title: "C.A.B. Brief re Pay-TV"(DRAFT DOCUMENT)

Date: August 9,1976

Pages: 6

Summary of Position:

The C.A.B. states firmly that Pay-TV is premature and its introduction should be postponed. They point out that they submitted a brief to that effect to the CRTC in June, 1975.

In reference to the June 2 speech by the Minister of Communications reversing the December, 1975 CRTC decision that the introduction of Pay-TV was premature, they state: "The question immediately arises as to why there was such a change of pace and procedure". (p.2) No matter the reason, the CAB reaffirms its opinion that Pay-TV is premature.

They list four basic problems from their June, 1975, brief which they believe are just as valid today. The introduction of Pay-TV will cause broadcasters:

1) fragmentation of the audience and consequent diminution of commercial revenues;
2) indiscriminate importation of U.S. program material;
3) siphoning of existing programs from commercial television;
4) increased costs of operation and possible diminution of the quality of conventional television.

They say that the only way these problems can be ameliorated is to make the

three objectives for Pay-TV which the Minister of Communications stated in her June 2nd speech conditions of a Pay-TV license. Those objectives are:

1) Pay-TV must provide a range of programming which does not duplicate that now offered by broadcasters and must do so without siphoning programs from the broadcasting system;
2) It must ensure the production of high-quality Canadian programs that Canadians will watch;
3) It must ensure that the programs are produced in Canada for international sale.

CAB naturally think the first point is the most important. They would also make sure that Pay-TV had to meet the same Canadian content requirements that the private broadcasters do. They presently must show 50% Canadian programming and they are committed to a 60% goal. CAB would also have foreign programming gradually eliminated from the Pay-TV schedule so that it would eventually become a 100% Canadian content service.

If Pay-TV did not have to meet similar Canadian content quotas, then the broadcasters would insist that the Pay-TV network must pay cash compensation to all private broadcasters to offset the commercial losses suffered as a result of audience fragmentation.

Conclusions:

CAB recommends:

1) Pay-TV network must accomplish the three objectives listed above from Madame Sauve's speech.
2) Programming should be offered in French and English nationally and foreign

programming eventually should be phased out.

3) Pay-TV network should primarily acquire, produce, and commission material not already shown on commercial television and these programs would be distributed to licensed broadcast undertakings (presumably after Pay-TV airdate).

4) The national Pay-TV agency should have two divisions, English and French, and should be designed to allow regional flexibility.

5) The major part of Pay-TV profits should be reinvested in programming.

6) There should be no paid advertising whatsoever.

7) The Pay-TV network should be privately owned and controlled by broadcasters with participation invited from cable companies and the public.

8) The distribution of the signal should be accomplished by cable in metropolitan areas and by off-air UHF in other areas.

9) Under present circumstances, the system should be pay-per-channel, but it should have a pay-per-program objective.

10) Off-air UHF and satellite transmission should be maintained as delivery alternatives.

Critique:

Like other broadcasters such as Global, CAB wants Pay-TV to be 100% Canadian content. They may feel that will make sure Pay-TV doesn't succeed. Hopefully they are wrong.

The recommendations that Pay-TV should be privately-owned and broadcaster-controlled don't seem to be backed up by anything except prejudice in the first case and self-interest in the second. CAB is also vague on its recommendations for national distribution. They don't seem to mention whether the network should produce in-house or not. Presumably their final presentation will be more specific.

September 28, 1976

Hon. Jeanne Sauvé,
Minister of Communications,
House of Commons,
Ottawa, Ontario

Dear Madame Sauvé;

We, the undersigned contributors to the program production industries, believe that the structure of a PAY-TV system for Canada is of great national importance. We endorse the statements which you made on June 2, 1976:

> " The establishment of pay-television service on a large scale is inevitable...On introduction into Canada, (it) must play its part to ensure the growth and development of the Canadian program production industry and the broadcasting system...We cannot lose this opportunity by focussing on new hardware or structures in isolation.
> " ...we must take care that pay-television is introduced in an orderly and controlled fashion...there would be little reason to permit (its) introduction...if it were to develop in the same manner as the motion picture industry in Canada. "

The introduction of PAY-TV will have far-reaching implications for the entire Canadian film and broadcasting industries, with further ramifications throughout the musical, theatrical, writing, and other creative arts professions.

If handled wisely, the benefits for all these industries and professions, as well as for the Canadian viewing public, could be enormous. However, if hastily conceived production and distribution structures are allowed, they could have crippling effects on many aspects of Canadian self-expression.

Page 2/...

As former Secretary of State Hugh Faulkner recently said:

> " I cannot for the life of me feel much enthusiasm for this development if it is allowed to proceed carelessly...I am not prepared to have Pay-TV thrust upon us before we are ready to assure (certain) essentials...I am not ready to yield to pressure from enthusiasts whose main interest is in the large revenues they anticipate from this new system...
> " In planning Pay-TV for Canada, we in the government need your advice. "

We respectfully suggest, Madame Minister, that the timetable for decisions on the introduction of PAY-TV in Canada is moving much too fast and we strongly recommend, in the interest of all Canadians, that it immediately be slowed down.

Time is what is needed most at this point - time for professional and public discussion and study. The three summer months originally allowed for the submission of briefs to the CRTC was inadequate, and the recently granted one month extension is insufficient.

We find it surprising that no public hearings have been scheduled in a matter of such overwhelming national significance. From the submissions received at the CRTC by October 1st, it is possible that a satisfactory model will emerge for a PAY-TV system which will benefit all Canadians. However, we believe that all submissions and models should be subject to full scale public hearings prior to any decision being taken.

What we do not need is simply another distribution system for foreign product, whether controlled by the public or private sector. Rather PAY-TV should promote Canadian social and cultural development for as many Canadians as possible.

Page 3/...

We therefore urge, in the strongest possible terms, that:

1) The procedure for the introduction of PAY-TV in Canada, and all decisions regarding its structure, be postponed.

2) No decision be taken until public hearings on the structure of PAY-TV are held by the CRTC.

Respectfully submitted by the Co-ordinating Committee,

Keith MacMillan
Chairman,
Task Force on Broadcasting,
Canadian Conference of the Arts

Sandra Gathercole
Chairperson,
Council of Canadian Filmmakers

Stuart Marwick
Executive Committee,
Canadian Broadcasting League

On behalf of:

Advisory Committee on the Performing Arts (London)
Alberta Society of Artists
Alberta Theatre Projects
Algoma Arts Festival Association
Algonquin Regional Library System
All About Us/Nous Autres Inc.
American Federation of Musicians
Anna Wyman Dance Theatre

Art Association of Newfoundland
Art Gallery and Museum (Halifax)
Art Gallery of Nova Scotia
Art Gallery of Ontario
Arts Club Theatre
Arts Scarborough
Association des Réalisateurs de Film du Québec
Associated Manitoba Festivals
Association for Native Development in the Arts
Association of Canadian Orchestras
Association of Canadian Publishers
Association of Canadian TV and Radio Artists (ACTRA)
Association of Cultural Executives
Association of TV Producers and Directors (Toronto)(CBC)
Atelier des Réalisations Graphiques

Les Ballets-Jazz Contemporaine
Bastion Theatre
Battleford's Allied Arts Council
Board of School Trustees (District 20, Saint John, NB)
Brock University, Thistle Theatre
Burnaby Arts Council

Calgary Philharmonic Society
Canadian Actors' Equity Association
Canadian Association for Adult Education (E)
Consumers Association of Canada (E)
Canadian Authors Association
The Canadian Brass
Canadian Broadcasting League
Canadian Centre for Films on Art
Canadian Child and Youth Drama Association
Canadian Conference of the Arts
Canadian Crafts Council
Canadian Film and Television Association
Canadian Film Editors' Guild
Canadian Film Institute
Canadian Filmmakers Distribution Centre
Canadian Folk Arts Council
Canadian Guild of Potters
Canadian Home and School Parent/Teacher Association
Canadian League of Composers
Canadian Mime Theatre
Canadian Museums Association
Canadian Music Centre
Canadian Music Council
Canadian National Committee for International Council of Museums
Canadian Opera Company
Canadian Parks/Recreation Association
Canadian Puppet Festivals
Centrale d'Artisanat du Québec
Centre culturel de Shawinigan

.../...

Le Cercle Molière
Champlain Regional College
La Chasse-Galerie
CJRT-FM Inc.
Committee for an Independent Canada
Community Arts Council of Kamloops
Community Arts Council of Vancouver
Concours International de Montréal
Contemporary Dancers
Contemporary Royale
Content Magazine
Cornwall Arts Development Committee
Corporation de la Cité des Jeunes de Vaudreuil
Council of Canadian Filmmakers
Craftsmen's Association of BC
Creation 2
Canadian Union of Public Employees (Broadcast Division)

Dalhousie University Cultural Activities
Dalhousie University Music Department
Dance in Canada Association
Directors Guild of Canada
Ecole National de Théâtre du Canada/National Theatre School
Edmonton Opera Association

Fernie & District Arts Council
Fenière (Théâtre d'été) Inc, La
Festival Concert Society (Comox BC)
Fondation Touring Players Foundation, La
Floyd S. Chalmers Foundation
Folio Advertising Company Limited
Frog Print Theatre Inc.

The Gallery/Stratford
Gallery III School of Art
German-Canadian Council for the Arts
Glenhyrst Arts Council of Brantford
Globe Theatre Productions Limited
Les Grands Ballets Canadiens
Groupe de Danse Entre-Six, Le
Groupe Nouvelle Aire
Guelph Spring Festival

Hagerman, Jones & Company
Hamilton Place
Hamilton & Regional Arts Council
Inner City Angels
Jeunesses Musicales du/of Canada

.../...

Kelowna & District Arts Council

Langley Arts Council
Laurentian University, Department of Cultural Affairs
League of Canadian Poets
London Symphony Orchestra

Magnus Theatre North West
Manitoba Opera Association
Manitoba School for Theatre & Allied Arts
Manitoba Theatre Workshop
Maritime Art Association
Memorial University of Newfoundland Art Gallery
Mermaid Theatre
Montreal Museum of Fine Arts
Moulin des Arts
Mount Allison University, Faculty of Arts & Science

National Association of Broadcast Employees & Technicians (NABET)
National Ballet of Canada
National Ballet School
National Museums Corporation
National Youth Orchestra
New Brunswick Museum
North Vancouver Community Arts Council
North York Arts Council
Nova Scotia Designer Craftsmen
New Brunswick Youth Orchestra

Ontario Association of Art Galleries
Ontario Capher Dance Committee
Ontario College of Art
Ontario Crafts Council
E. C. Cosgrove, representing the Ontario Federation of Labour
Ontario Film Institute
Ontario Puppetry Association
Ontario Science Centre
Open Space
Orchestre Symphonique de Montréal
Organization of Saskatchewan Arts Councils

Pacific Brass Guild
Playhouse Theatre Centre of BC
Prince Edward Island Council of the Arts
Productions de l'Etoile Inc.
Professional Artists of Canada
Professional Art Dealers Association of Canada

.../...

Queen's University, Performing Arts Office

Rainbow Stage Theatre
Regina Modern Dance Workshop
Royal Canadian Academy of the Arts
Royal Hamilton College of Music
Royal Ontario Museum
Ryerson Polytechnical Institute, Theatre Department

Saint John Arts Council Inc.
Samuel & Saidye Bronfman Family Foundation
Saskatchewan Arts Board
Saskatchewan Dance Theatre
Saskatoon Public Library
7e Ciel Inc.
Shaw Festival
Simon Fraser University Centre for the Arts
The Smile Company
Société des Ecrivains Canadiens
The Society of Canadian Painter-Etchers
Society of Film Makers
Southern Alberta Art Gallery
Southern Alberta Opera Association
St. Clair College of Applied Arts & Technology
Le Studio Théâtre
Swift Current Allied Arts Councils
Stratford Shakespearean Festival

Thames Arts Centre
Théâtre Action
Theatre and Arts Community Conference
Theatre Calgary
Théâtre d'Aujourd'hui
Théâtre du Pendule
Theatre London
Theatre Ontario
Theatre Plus
Toronto Dance Theatre
Toronto Mendelssohn Choir
The Toronto Symphony
Toronto Workshop Productions

Union des Artistes
The United Stage
University of Calgary, Faculty of Fine Arts
University of Guelph, Cultural Affairs
University of Manitoba School of Art, Theatre & Film Studies
University of Waterloo, Centre for the Arts
Upstairs Gallery

.../...

Vancouver Art Gallery
Vancouver Film Council
Vancouver Opera Association
Vancouver School of Art
Vancouver Symphony Society
Vernon Community Arts Council
Visual Arts Centre (Montreal)
Visual Arts Ontario

Westcoast Actors' Society
Western Canada Art Association
Wilson MacDonald Poetry Society
Winnipeg Art Gallery
Winnipeg Folk Festival
Writer's Federation of Nova Scotia
York University, Faculty of Fine Arts
Young People's Theatre

British Columbia Film Industry Association
Toronto Filmmakers Co-operative
Syndicat National du Cinema
Syndicat General du Cinema (ONF) - National Film Board Union
Canadian Society of Cinematographers
Association for Public Broadcasting in British Columbia
National Arts Centre
Canadian Labour Congress

E denotes organization as an endorser of this letter rather than a signatory.

La lettre E suivant un organisme signifie que ce dernier endorse la teneur de la lettre sans en être nécessairement cosignataire.

cc: Le Très Honorable Pierre Elliott Trudeau
Premier Ministre du Canada

The Honorable John Roberts
The Honorable Hugh Faulkner
M. Guy Lefebvre
Mr. Harry J. Boyle
Members of Parliament and Senators

APPENDIX B

AN ALTERNATIVE TO "PAY TV"

by

Gordon B. Thompson,

Bell Northern Research,

Ottawa, Canada.

May, 1975

C

George Kingsley Zipf, in his book "Human Behaviour and the Principle of Least Effort" suggests that, in fully developed processes, there is a simple relationship between the degree of participation and the ranking of that participation. The relationship is rectilinear, that is the product of the measure of their participation with the rank is a constant.

For example, a member's participation in the debates of the Canadian Parliament could be measured by the number of times that particular member's name appears in Hansard, the record of such debate. The member whose name appears most often would be ranked first, while the next most frequent name

would be rank 2. Zipf has suggested, from his studies, that the product of these two should be a constant. If ploted on Log-Log paper, a straight line should result, and it should have a slope of unity. Figure 1 shows such a plot, developed from an analysis of two days of debate. The slope is a little less than unity, but the data does generate a clearly defined straight line.

Applying Zipf's principles to this data would lead one to suggest that the process of debate is a well developed one, and fits his laws.

Examination of the royalty payments earned by specific musical selections from radio and general performances also produces a similar result, this time with a slope of 1.0. Figure 2 shows the result of plotting the data from the first half of 1968, and indicates that the highest paid song earned in excess of $900, while the tenth most popular earned about about one tenth that amount. Again, nice agreement with Zipf's principle.

Except that the slope is a little low, the appearances of author's names in "Books in Print" again corroborates this trend, as shown in Figure 3. Figure 4 shows that the data published in Fortune Magazine for the sales of the top 500 World Industrial Corporations is also similar.

Zipf, in his book, presents example after endless example of similar situations. So much so, that when one encounters a case that doeasn't conform, questions ar~~r~~ise.

The relationship between the size of audience and the rank of that audience for Television programs aired over CBC and CTV simply do not fit. Figure 5 shows the data collected by the BBM Spring 1973 survey. The curve is in three distinct sections, with an extremely flat portion stretching over the first twenty-five programs, a more normal slope over the next sixty or so programs, and a very steep portion from there on down.

This can be interpreted in terms of preference differentials. The most popular group of programs show very little difference, hence the preference differential between them is small. It is as if people are satisfied with whatever comes on. The least popular programs have very high preference differentials associated with them. In between is a group that may be a sort of tranisition, or it might be a group in its own right.

Zipf's principles would suggest that there are some problems here, and the process of development has not been alowed to follow natural tendencies. Something is wrong.

Clearly, mass television as we know it today, lives well on

the kind of material that makes up the top twenty-five programs, with the associated low levels of preference differential. On the other hand, broadcast systems can not really satisfy mass audiences with material that has the high preference differentials exhibited by the less popular programs. Material of high interest to small specific viewer audiences gets little exposure, as does new kinds of material, experimental material, or other content likely to have this steep preference characteristic.

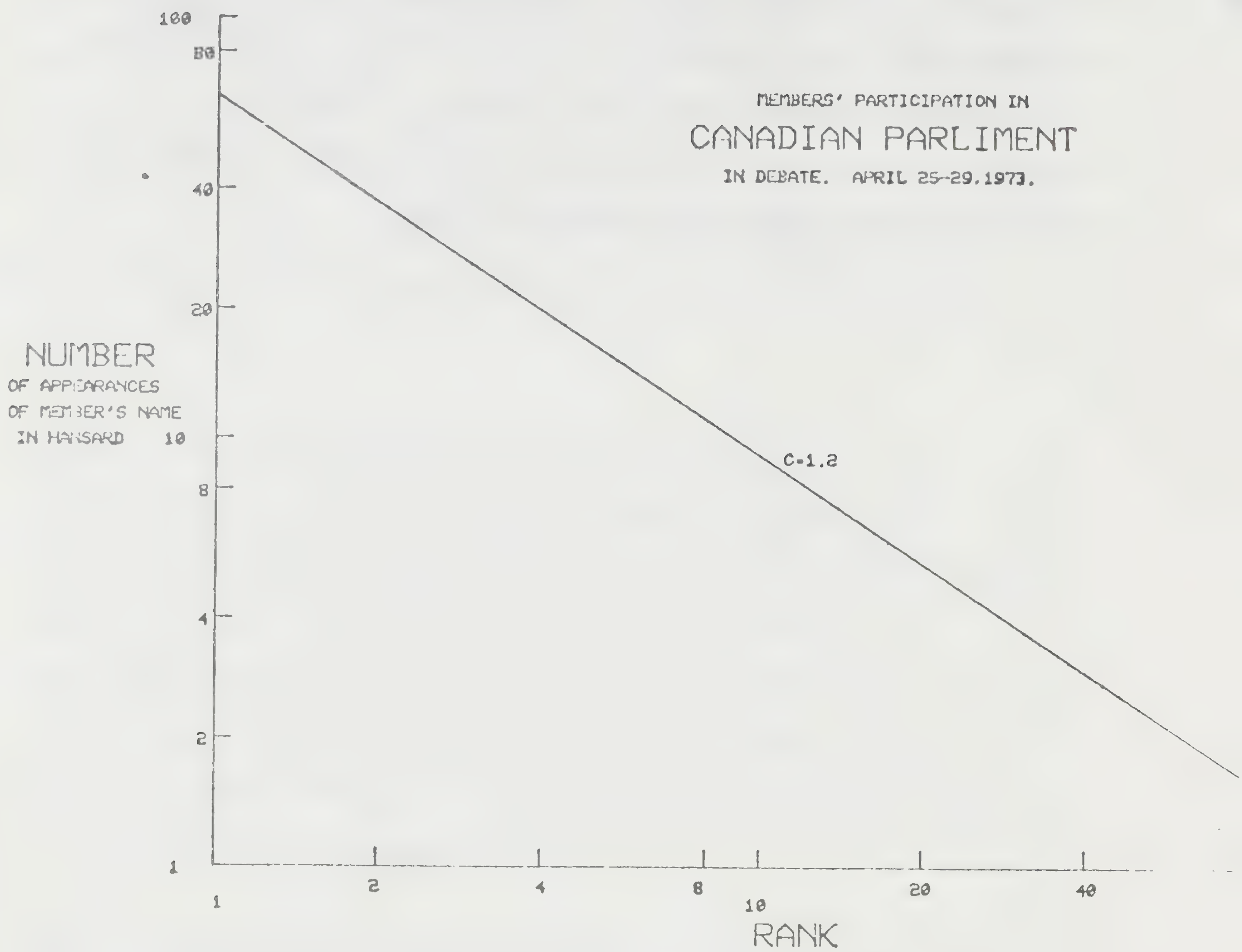

MEMBERS' PARTICIPATION IN
CANADIAN PARLIMENT
IN DEBATE. APRIL 25-29.1973.
C-1.2
NUMBER
OF APPEARANCES
OF MEMBER'S NAME
IN HANSARD
100
80
40
20
10
8
4
2
1
1
2
4
8
10
20
40
RANK

Fig 1

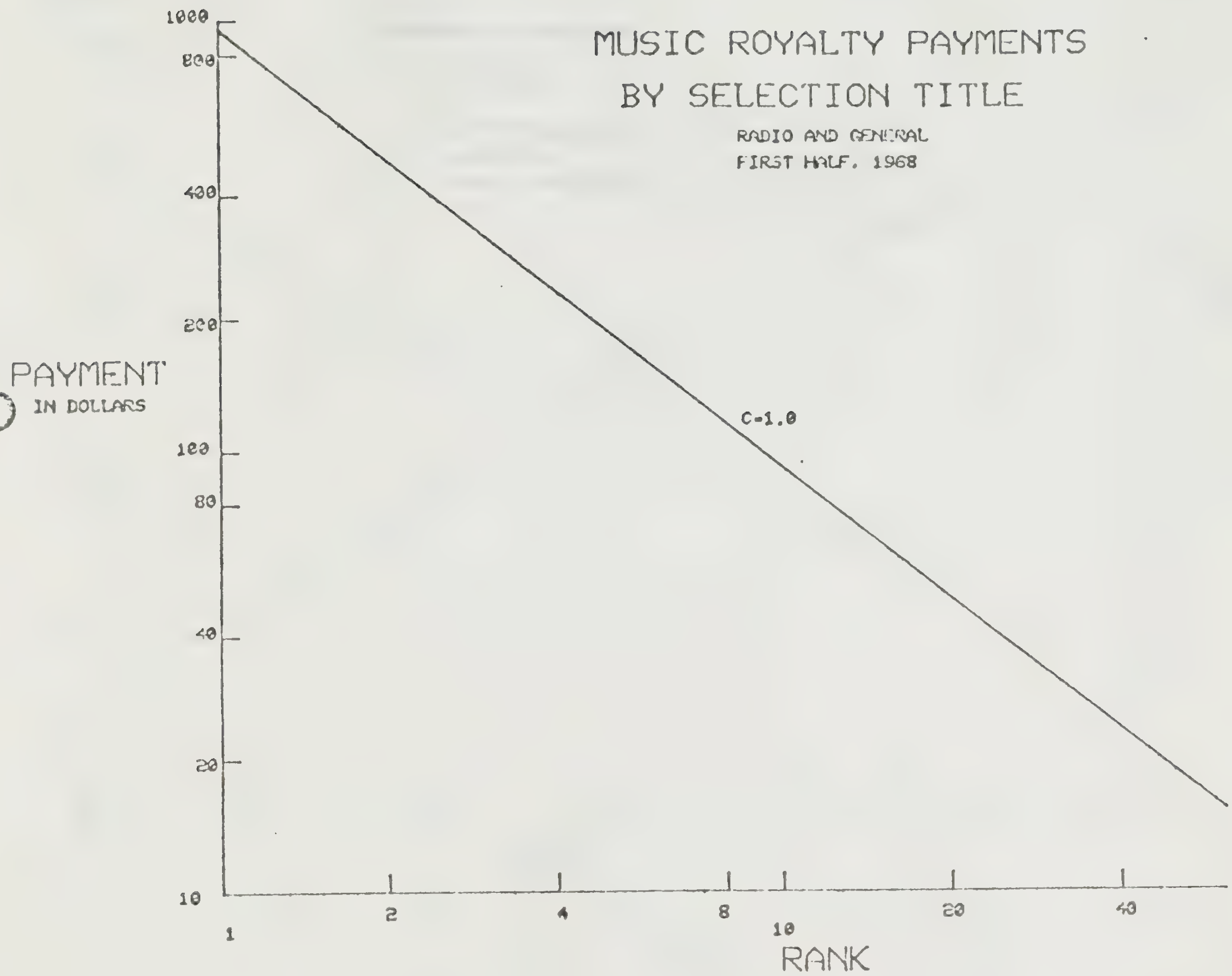
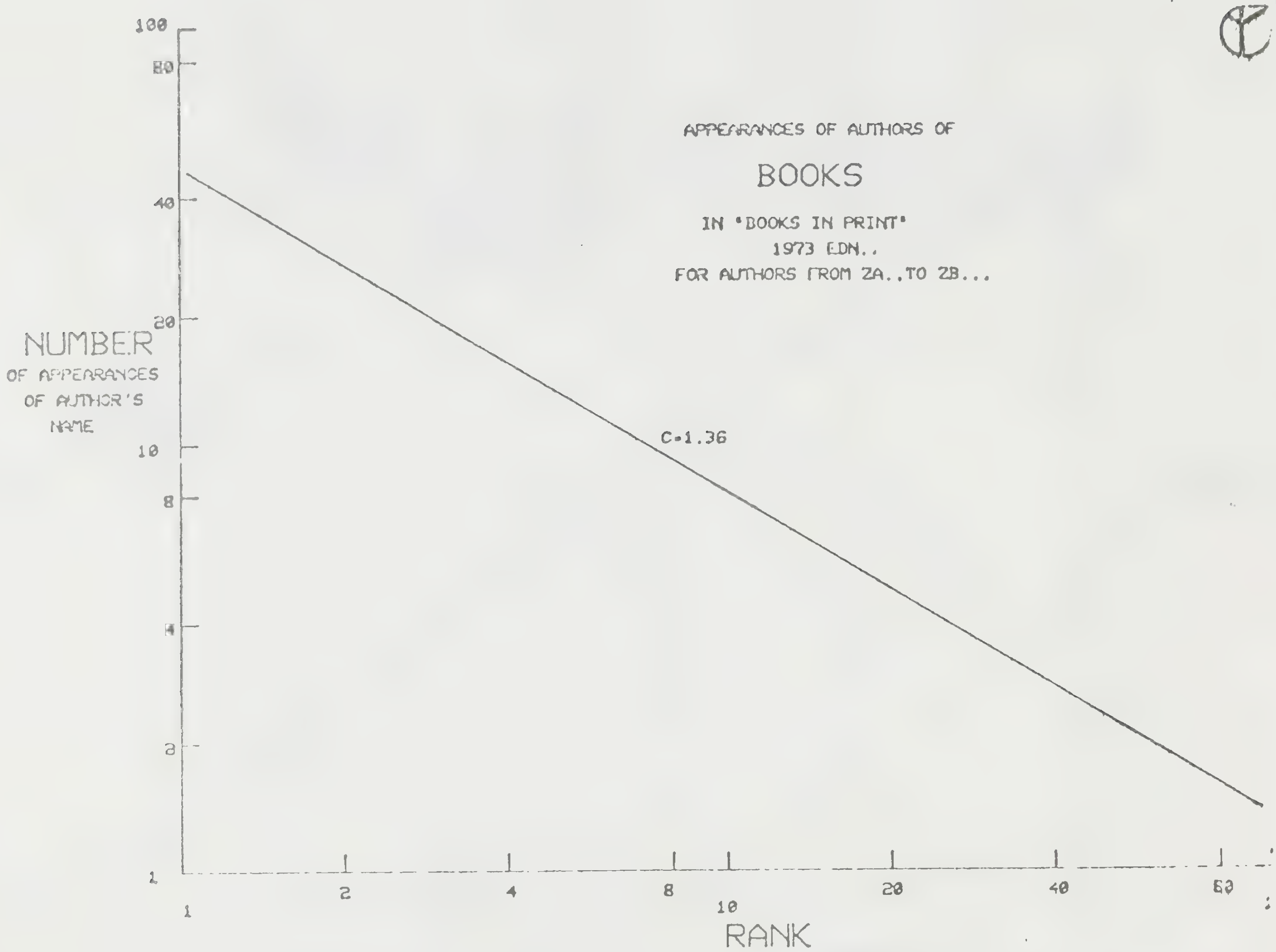

MUSIC ROYALTY PAYMENTS
BY SELECTION TITLE
RADIO AND GENERAL
FIRST HALF, 1968
PAYMENT
IN DOLLARS
1000
800
400
200
100
80
40
20
10
C=1.0
1
2
4
8
10
20
40
RANK

Fig 2



APPEARANCES OF AUTHORS OF
BOOKS
IN 'BOOKS IN PRINT'
1973 EDN..
FOR AUTHORS FROM ZA..TO ZB...
C=1.36
NUMBER
OF APPEARANCES
OF AUTHOR'S
NAME
100
80
40
20
10
8
4
2
1
1
2
4
8
10
20
40
80
RANK

Fig 3

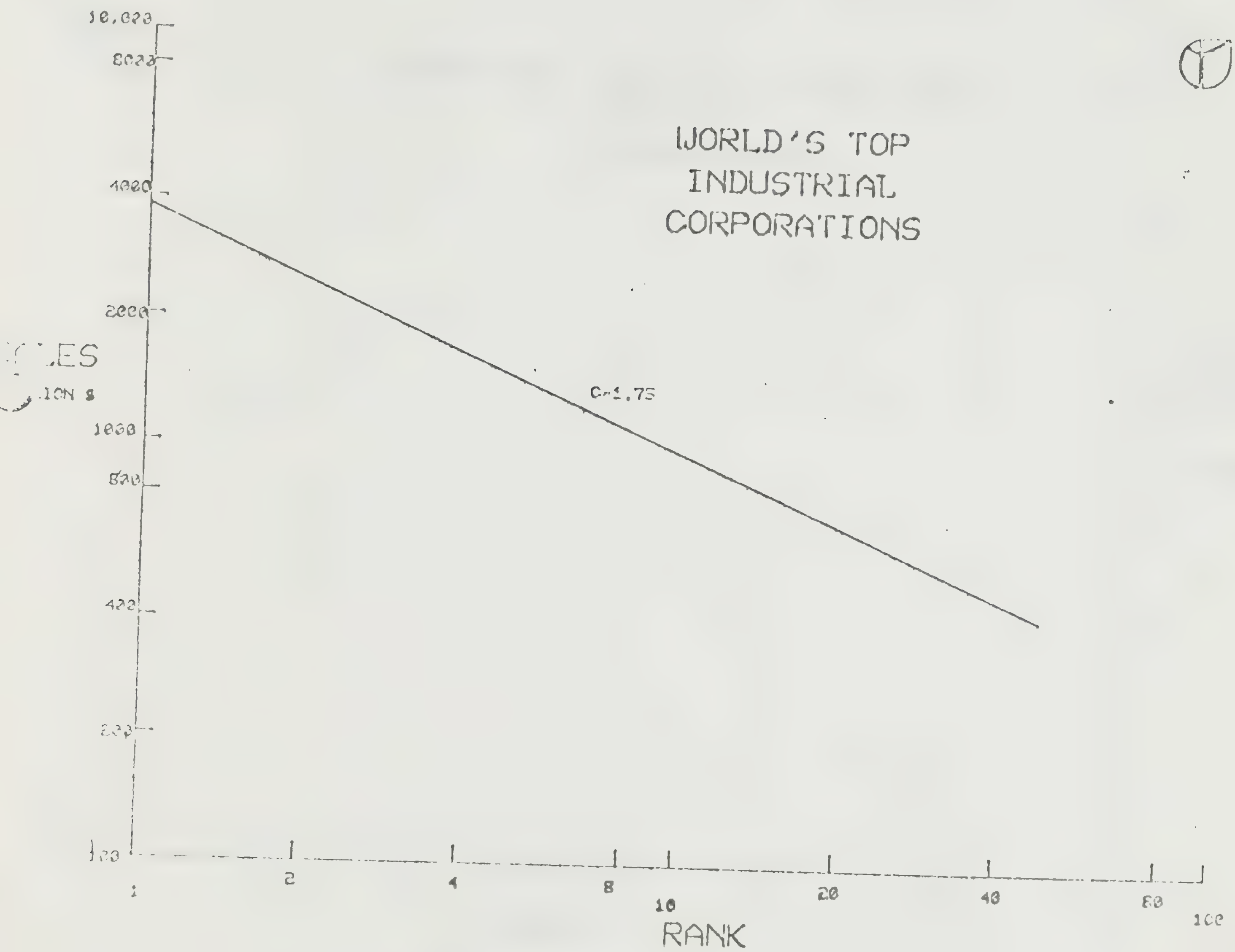


Fig 4

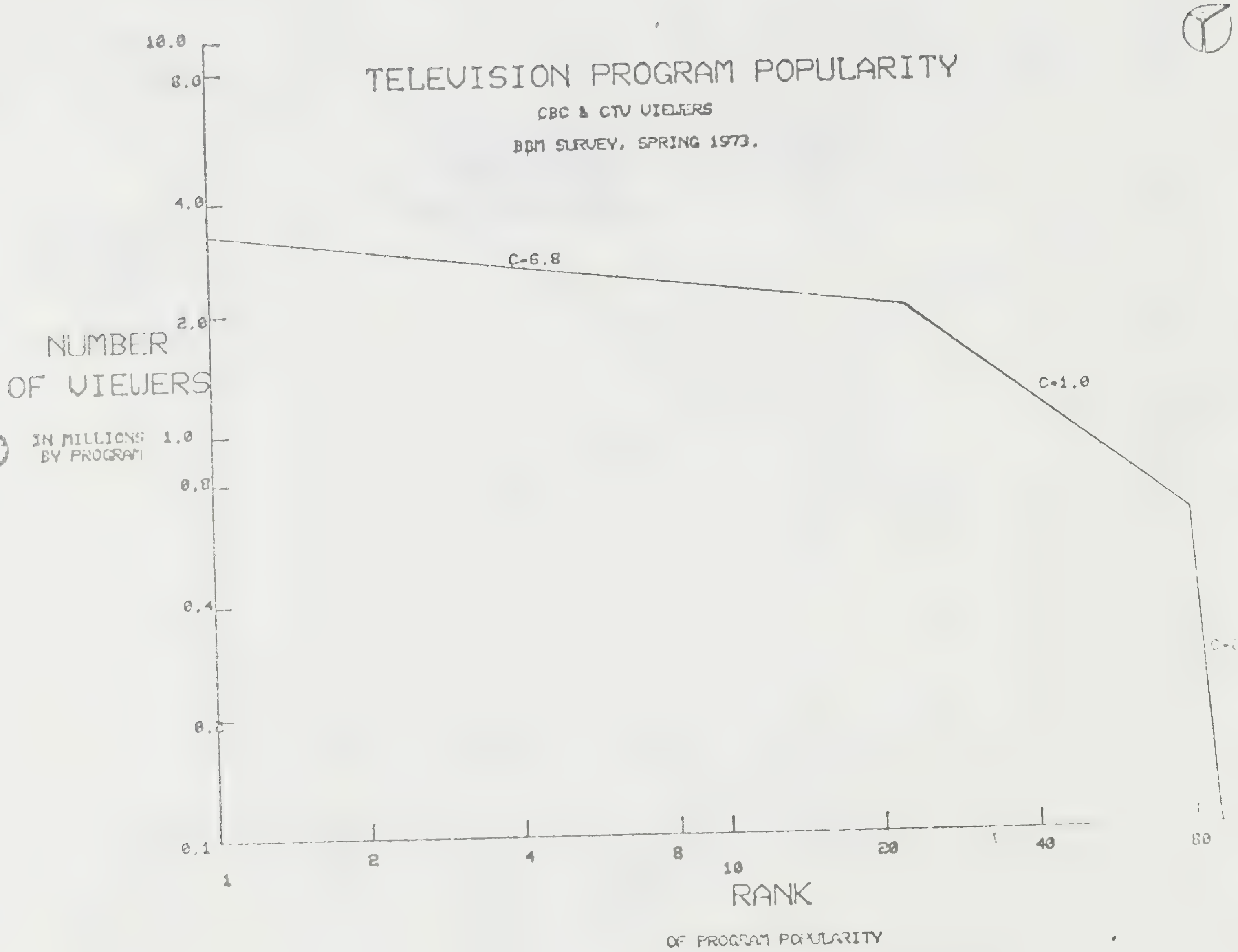

TELEVISION PROGRAM POPULARITY
CBC & CTV VIEWERS
BBM SURVEY, SPRING 1973.
10.0
8.0
4.0
2.0
1.0
0.8
0.4
0.2
0.1
NUMBER
OF VIEWERS
IN MILLIONS
BY PROGRAM
C=6.8
C=1.0
1
2
4
8
10
20
40
80
RANK
OF PROGRAM POPULARITY

Fig 5

APPENDIX C

SASK TEL'S PROPOSAL PRESENTED TO CO-OPERATIVES IN JULY 1976.

REPORT ON A CLOSED CIRCUIT TELEVISION SYSTEM FOR SASKATCHEWAN
(Leo Courville - July 21, 1976)

I. PROBLEM: To effect a closed circuit television offering which could:

1) ensure that Sask Tel retains control of the hardware

2) establish a provincial presence in a meaningful and politically acceptable way in pay TV

3) provide a revenue source for the cable co-operatives in each center that is sufficiently large enough to conduct their community programming plans

4) establish a basis for provincial jurisdiction over local community and local educational channels on a closed circuit format

5) allow for a conventional (off-air) cable television system or a full closed circuit television system comprised of nine channels of both programming and alpha-numeric content to develop alongside of this offering.

RECOMMENDED PROGRAM PACKAGE:

A limited closed circuit system that would consist of five or six channels to be distributed on a VHF band (Channels 2 - 12) including:

- one premium movie channel;
- two or three additional entertainment channels including an older movies channel, a children's channel and/or a sports and documentaries channel;
- one local community channel; and
- one local educational channel

II. TECHNICAL CONSIDERATIONS:

Sask Tel's cable system is presently being constructed to carry 20 channels of programming. This in turn is broken down into 12 channels in the VHF band (including Channels 2 -12 on your television receiver) and about 7 relatively interference-free channels on what is known as the mid band (between Channels 6 and 7 on your television receiver). In order to use the mid band channels, it is necessary that a device known as a converter be installed on top of every television set. An installation cost of $75.00 for this device is necessary and therefore represents somewhat of a barrier for people in taking this service. It is, therefore, advisable that we try to put this limited closed circuit offering on the VHF channel band. This would allow for the provision of a 6 or 7 channel

... 2

conventional cable offering on the VHF band as well. This offering would be made possible with the installation of a switch on the back of each television set which would convert the set from a closed circuit monitor to a television receiving set. In other words, if the switch were up, so that it was a television receiver, people would receive the local CBC and CTV signals from their antenna as usual. If the switch were down, however, the set would then become a closed circuit monitor which would carry not only the extended pay TV system that the province would regulate, but it would also carry six or seven additional channels which could be programmed as a conventional cable system or as a more complete closed circuit system.

III. ECONOMIC CONSIDERATIONS:

A. Cost Factors

There are a number of assumptions built into the following cost projections:

1. In order to recoup its capital cost, Sask Tel will not prorate its leasing charge on a channel by channel basis for either a closed circuit or a conventional cable system.

2. Operating costs taken from the CRTC applications of the four cable co-operatives and aggregated over the four systems, are assumed to be realistic.

3. The program costs are based on quotation as given by Mr. Bob Weisberg, President of TeleMation Limited of New York. These quotes of $3.00 per subscriber per month for basic programming and $1.50 per subscriber per month for premium movies are assumed to be the actual costs for securing the commercial programming package.

... 3

TABLE 1
Capital Costs

Expenditure	8 Channel Conventional Cable System	6 Channel Closed Circuit Television System
Remote Head End	$ 50,000	
Local Head End (Antenna, Building, Grounds)	300,000	
Sask Tel Provisioning Charge	1,050,000	$1,050,000
Modulators Demodulators	16,000	$ 12,000
Timebase Correctors		160,000
Video Playback Units		32,000
Monitors @ $1,000/channel	10,000	8,000
Commercial Deletion	30,000	
TOTAL Capital Costs	$1,456,000	$1,262,000

TABLE 2
Operating Costs

Expenditure	8 Channel Conventional Cable System		6 Channel Closed Circuit Television System (CCTS)	
	Total ($,000)	Per Subscriber /Per Month	Total ($,000)	Per Subscriber /Per Month
Commercial Programming Package	$ --	$ --	$3,400.2	$ 4.10
Sask Tel Leasing and Service Charge	3,130.6	3.82	3,130.6	3.82
Administration	818.7	0.99	818.7	0.99
Community Programming	893.3	1.09	893.3	1.09
Inter-city Transmission and Program Access	833.6	1.02	106.5	0.13
Sales and Promotion	145.3	0.18	145.3	0.18
Commercial Deletion	70	0.09		--
TOTAL Operating Cost	5,892.1	7.19	8,494.6	10.31

... 4

B. Revenue assumptions

1. The demand for either the conventional cable service or the closed circuit service would reach 55% of the households passed by the cable at the end of the fifth year of operation.

2. The maximum monthly subscription rate that could be charged for a conventional cable offering of 8 channels including two American commercial networks and one non-commercial network would be $7.50. The maximum monthly subscription rate that could be charged for a closed circuit television offering including one channel of premium Hollywood movies would be $10.95. At these rates market penetration would be maximized.

TABLE 3
Projected Monthly Revenue

	8 Channel Conventional Cable System	6 Channel Closed Circuit Television System
Number of Households	124,173	124,173
Projected Market Penetration	55%	55%
Projected Subscriber Base	68,295	68,295
Maximum Monthly Subscription Charge	$ 7.50	$ 10.95
Projected Monthly Subscription Revenue	$ 512,212	$ 747,830
Projected Annual Subscription Revenue	$6,146,544	$8,973,960
First Installation Fee	$ 25	$ 25
Average Annual Revenue From Installation Fees*	$ 341,475	341,475
Average Annual Revenue	$6,487,719	$9,315,435

*This figure is derived by averaging installation revenue over the first five years of operation.

... 5

C. Conclusions with respect to cost and revenue factors

1. The capital costs for a closed circuit system ($194,000) are slightly less than those of a conventional system because there is no need for remote and local head ends in a closed circuit system.

2. Annual operating costs for a closed circuit television system (CCTS) are $2,602,500 more than those for a conventional cable system. This difference lies mainly in the cost of $3,400,000 under the CCTS of acquiring a commercial program package.

3. Annual intercity transmission and program access costs are decidedly greater for a conventional cable system utilizing microwave ($800,000) as opposed to a CCTS utilizing physical bicycling and videotape dubbing ($100,000). The potential for expansion of this system to smaller communities, therefore, would seem to be greater with the CCTS than a conventional cable system.

4. At 55% penetration and at monthly subscription rates of $7.50 and $10.95 for conventional cable and CCTS respectively, annual revenues from CCTS are $2,827,416 greater than those from a conventional system.

5. At the above penetration levels and subscription fees, the higher revenues of a CCTS system compared to a conventional system would exceed the higher costs, again compared to a conventional system, by $224,916. This represents an average annual operating surplus after allowing $1.00 per subscriber per month for community programming and $1.00 per subscriber per month for administration.

FURTHER CONSIDERATIONS

1. The present practise of pirating U.S. network signals on conventional cable and hence the avoidance of any payment for commercial programming will likely change in the near future. Copyright payments for conventional cable programming on U.S. networks will probably be negotiated in the settlement of the commercial deletion dispute with the U.S. and the introduction of pay TV from the U.S. into Canada.

2. Most cable systems in Canada will soon be offering a pay TV premium movie service as a second tiered offering to their basic service of two or three U.S. channels.

... 6

PAY T.V

S Y S T E M LOCATION	CATV Charge	PAY T.V. CHARGE
Warner Robbins, Georgia	6.00	8.00
Macon, Georgia	5.00	8.00
North Charleston, S.C.	5.75	7.50
Lansing, Michigan	6.95	3.00
Petersburg, Virginia	6.00	7.95
Rome, Georgia	6.00	8.00
Kingston, New York	7.00	8.00
Muskegon, Michigan	6.00	8.00
Richmond, Indiana	5.50	8.00
Atlanta, Georgia	6.00	8.00

... 7

3. Most cable systems in the U.S. carrying a pay TV service are charging subscribers $6.00 per month for a basic cable service and $8.00 per month for the pay TV movies. In other words, most two-tiered cable services operating in the U.S. are presently charging $14.00 per month and achieving penetration rates of 40%-50%.

4. The Trans-Canada Telephone System is advancing a proposal to the CRTC which envisages the carrying of four U.S. channels along with all available Canadian channels and two channels of pay TV (one in English and the other in French) for $14.00 per month.

5. The local theaters in Saskatchewan cities are presently charging $3.25 a ticket to see premium movies.

6. The proposed CCTS offering of $7.95 for basic service and $3.00 for premium movies or $10.95 per month for both services therefore compares very favorably with other systems either in operation or contemplated in North America.

7. The cost to Sask Tel of not owning and controlling all cable distribution hardware in Saskatchewan is rooted in several different aspects:

   a) an inability to integrate all services on common facilities. This is especially costly in servicing rural areas,

   b) a lack of end-to-end responsibility for service and maintainence,

   c) a loss of revenue from new services that could be carried on a wholly owned Sask Tel cable distribution system,

   d) an inflexibility in long-term planning,

   e) an increasing encroachment of federal regulation over all telecommunications traffic in Saskatchewan. It should be noted that Sask Tel is vulnerable to the extent of 40% of its revenue base coming from interprovincial traffic.

   It is difficult to assess the impact of these aspects in dollars and cents. It is quite conceivable, however, that over a period of time it would translate into many millions of dollars.

D. Demand factors

The critical question here is the relative attractiveness of a CCTS program service with that of a conventional cable system. The program schedule of a conventional system is ordered on the basis of Horizontal Programming. This means that as one reads across the

... 8

program schedule basically the same types of programs are offered on all channels. The closed circuit system, however, would be Vertically Programmed. This means that as one reads down a program schedule the programs on each channel are all of the same basic type from morning through afternoon into the evening. By contrast, as one reads across a vertically program schedule, the programs always differ in program type. In other words, each channel is dedicated to a certain type of program. Examples of horizontal programming are provided in the following schedules taken from a recent TV Guide where programming originating from either Tolstoi, Manitoba or Outram, Saskatchewan is given. It is important to note that the CRTC presently restricts the number of American signals that can be imported to two commercial and one non-commercial. An example of a vertically programmed CCTS system is also given. This involves a representative sample of programs that would be available under contract with TeleMation Program Services Incorporated of New York.

It is expected that under both of these types of program offerings, the penetration rate at the end of the fifth year would reach 55% in Saskatchewan markets under monthly subscription rates of $7.50 and $10.95 for conventional cable and CCTS respectively.

The identification of variables effecting consumer demand and the extent of such an effect is vitally important to the success of any program undertaking. In addition to the general effect of the advantages of a vertical programming format versus a horizontal programming format, other demand variables include the following:

a) Type of content

There had been a number of studies done in the United Stations in an attempt to determine what kind of overall viewing fare will maximize market penetration for television and cable television systems. A survey made available through TeleMation Ltd. rank-orders program content from most preferred to least preferred in the following manner:

1. Movies (latest Hollywood releases)
2. Older feature films
3. Special programs - live entertainment specials, documentaries, special offerings for children.
4. Regular network series (both drama and comedy)
5. Regular sports events (special sports events for example championship games, are rated in the special program category)

The overwhelming popularity of movies is evident in a number of respects:

... 9

ADVANTAGES OF HORIZONTAL PROGRAMMING ON CONVENTIONAL CABLE (OFF-AIR PICKUP)

1. Additional U.S. network based channels allow a program shown on CBC or CTV to be seen at different times on different days.

2. Live sports events carried by the U.S. networks can be seen as they take place, e.g. NFL Football. (*Approximately one-third of this programming is now carried by CBC or CTV.)

3. There are no program purchasing costs for commercial productions.

ADVANTAGES OF VERTICAL PROGRAMMING ON CCTS

1. Highly specialized offerings that are not time sensitive.

2. Can move easily away from a type of programming, e.g. violent shows for children.

3. No distracting advertisements.

4. Can take basic offering and a premium service as well.

5. All signals are technically perfect - no relevance on technically inferior off-air signals.

6. Allows for multiple showing times.

7. CRTC regulations limit conventional cable to only two commercial channels; therefore, CCTS offers a much greater quantity of programming.

8. CCTS allows direct dealing with PBS and thus overcomes border station difficulties.

9. There is no need for a remote head-end or a conventional local head-end.

10. Arrangements can be made to carry particular local live sports events, e.g. Home Roughrider games, Pats games, etc. on a fee per program basis.

11. Specific arrangements could also be made to carry non-local sports events on a live basis by direct negotiation with the promoters, e.g. the home games of NFL teams such as the Minnesota Vikings, and the Green Bay Packers, or heavy weight boxing championship matches.

HORIZONTAL PROGRAMMING

Tolstoi, Manitoba

Monday	Channel 4 KXJB-TV (CBS)	Channel 11 KTHI-TV (ABC)
6:50 a.m.		Farm Report
7:00 a.m.	CBS News	Cartoons
7:30 a.m.		Good Morning America
8:00 a.m.	Captain Kangaroo	
8:30 a.m.		Cartoons
9:00 a.m.	The Price is Right - Game	Move - Western (2 hours)
9:30 a.m.		
10:00 a.m.	Panorama	
10:30 a.m.	Love of Life (Serial)	
10:55 a.m.	CBS News	
11:00 a.m.	Young and the Restless - Serial	Lets Make A Deal - Game
11:30 a.m.	Search For Tomorrow - Serial	All My Children - Serial
12:00 noon	News	Noon Show
12:20 p.m.	Woman's World	
12:30 p.m.	As The World Turns - Serial	Rhyme and Reason - Game
1:00 p.m.		$20,000 Pyramid - Game
1:30 p.m.	Guiding Light - Serial	Break the Bank - Game
2:00 p.m.	All In The Family	General Hospital - Serial
2:30 p.m.	Match Game	One Life To Live - Serial
3:00 p.m.	To Tell The Truth	Lassie
3:30 p.m.	Mike Douglas (90 Minute)	Flintstones
4:00 p.m.		Gilligan's Island
4:30 p.m.		Happy Days
5:00 p.m.	Beverly Hillbillies	ABC News - Harry Reasoner
5:30 p.m.	CBS News - Walter Cronkite	Lucy Show
6:00 p.m.	News	Brady Bunch - Comedy
6:30 p.m.	Pop! Goes The Country	Hollywood Squares - Game
7:00 p.m.	Rhoda - Comedy	Viva Valdez - Comedy
7:30 p.m.	Phyllis - Comedy	Baseball
8:00 p.m.	All In The Family	
8:30 p.m.	Maude	

9:00 p.m.	Medical Center	
9:30 p.m.		
10:00 p.m.	News	News
10:30 p.m.	Movie - Drama	Ironside - Crime Drama
11:00 p.m.		
11:30 p.m.		Dragnet - Crime Drama
12:00 midnight		Movie
12:30 a.m.		
1:00 a.m.	News	
1:30 a.m.		
2:00 a.m.		News

... 11

HORIZONTAL PROGRAMMING

Outram, Saskatchewan

	KXMC-TV (Minot) KXMD-TV (Williston)
7:00 a.m.	CBS News
7:30 a.m.	
8:00 a.m.	Captain Kangaroo
8:30 a.m.	
9:00 a.m.	Price Is Right
9:30 a.m.	
10:00 a.m.	Gambit
10:30 a.m.	Love Of Life
10:55 a.m.	CBS News
11:00 a.m.	Young and Restless
11:30 a.m.	Search For Tomorrow
12:00 noon	News and Weather
12:15 p.m.	Noon Show
12:30 p.m.	As The World Turns
1:00 p.m.	
1:30 p.m.	Guiding Light
2:00 p.m.	All In The Family
2:30 p.m.	Match Game
3:00 p.m.	Tattletales
3:30 p.m.	Mike Douglas
4:00 p.m.	
4:30 p.m.	

5:00 p.m.	Hillbillies
5:30 p.m.	Cronkite
6:00 p.m.	Update
6:30 p.m.	Pop! Goes The Country
7:00 p.m.	Rhoda
7:30 p.m.	Phyllis
8:00 p.m.	All In The Family
8:30 p.m.	Maude
9:00 p.m.	Medical Center
9:30 p.m.	
10:00 p.m.	Update
10:30 p.m.	CBS Late Movie
11:00 p.m.	
11:30 p.m.	
12:00 midnight	
12:30 a.m.	
1:00 a.m.	
1:30 a.m.	
2:00 a.m.	

HORIZONTAL PROGRAMMING

Outram, Saskatchewan

Monday	KUMV-TV (NBC)
6:45 a.m.	Rural Report
7:00 a.m.	Today Show
7:30 a.m.	
8:00 a.m.	
8:30 a.m.	
9:00 a.m.	Celebrity Sweepstakes
9:30 a.m.	High Rollers
:00 a.m.	Wheel of Fortune
30 a.m.	Hollywood Squares
1:00 a.m.	The Fun Factory
1:30 a.m.	Take My Advice
1:55 a.m.	NBC News
2:00 noon	Noon Report

A101

[illegible]	[illegible]
1:00 p.m.	
1:30 p.m.	The Doctors
2:00 p.m.	Another World
2:30 p.m.	
3:00 p.m.	Somerset
3:30 p.m.	Be Our Guest
4:00 p.m.	Huck and You
4:30 p.m.	I Dream of Jeannie
5:00 p.m.	Truth or Consequences
5:30 p.m.	NBC Nightly News
6:00 p.m.	Evening News
6:30 p.m.	Let's Go To The Races
7:00 p.m.	NBC Monday Night Movie
7:30 p.m.	
8:00 p.m.	
8:30 p.m.	
9:00 p.m.	Joe Forrester
9:30 p.m.	
10:00 p.m.	Night Report
10:30 p.m.	Tonight Show
11:00 p.m.	
11:30 p.m.	
12:00 midnight	Tomorrow
12:30 a.m.	
1:00 a.m.	
1:30 a.m.	
2:00 a.m.	

... 13

Monday	CHANNEL 3 Childrens	CHANNEL 5 Sports and Documentaries and BBC Series	CHANNEL 8 Older Moview
7:00 a.m.	Morning Airport		
7:30 a.m.			
8:00 a.m.	Hodgepodge Lodge (Animals, Crafts, Environment)		
8:30 a.m.	Secrets of a Prairie Landscape		
9:00 a.m.	Hans Christain Anderson (Theatre)		
9:30 a.m.	Family Farm	Khruschev Remembers	
10:00 a.m.	Dr. Seuss Theatre	Football Follies (Great Bloopers!)	
10:30 a.m.	Safety As We Play	Doctor In The House	
11:00 a.m.	Mouse Tales	Steptoe and Son	
11:30 a.m.	Dick Whittington And His Cat	Man About The House	
12:00 noon	Stories In Clay	Mary Hartman/Mary Hartman	
12:30 p.m.	Making Music	Champions In Sports	
1:00 p.m.	Horses	Rose Kennedy Remembers	
1:30 p.m.	Muffinland	The Davis Cup	Western Theatre
2:00 p.m.	Children's Theatre (Pippy and Longstocking)	Economics And The American Woman	
2:30 p.m.		The Law And You	
3:00 p.m.		Drink Drank Drunk	
3:30 p.m.	Health - What It Means		Classics
4:00 p.m.			
4:30 p.m.	Everyday People (Human Relations; Race Relations)	Alastair Cooke's America	
5:00 p.m.	Hey! - What About Us (Careers; Employment)		
5:30 p.m.	How Things Work	Winston Churchill (The Valiant Years)	
6:00 p.m.	Xerox Children's Special		
6:30 p.m.		Famous World Series	Comedy Time
7:00 p.m.	China Today	(The World of Basketball)	
7:30 p.m.	Arithmetic is Fun		
8:00 p.m.	Charlie Brown		
8:30 p.m.	Exploring the Ocean		
9:00 p.m.	A Cat Is A Cat		Million Dollar Movie
9:30 p.m.			
10:00 p.m.			
10:30 p.m.			
11:00 p.m.			Action and Suspence
11:30 p.m.		The Energy Crunch	
12:00 a.m.			
12:30 a.m.		Portrait of A Leader	
1:00 a.m.			
1:30 a.m.			
2:00 a.m.			

CHANNEL 12

Premium Movies

The Towering Inferno

The Great Waldo Pepper

The Front Page

Earthquake

Airport '75

1) The allocation of more and more time and money into the production of "TV movies" by the major U.S. networks;

2) the declining audiences at local theaters accompanying this development;

3) the emerging breakthrough in pay TV in the United States and Canada.

The U.S. publication TV Guide recently carried an article on a TV station in Charleston, South Carolina, which, as the fourth station to become established in Charleston, have been operating in a very marginal way when it was on the verge of bankruptcy, when the owner of the station decided to initiate a weekend telethon to solicit donations from the public in order that the station might stay on the air. Over the weekend the station played nothing but feature films. The telethon was so successful over the weekend that the owner decided to extend the request for funds on into the next two weeks. Within that period, the station raised $250,000 from general donations. Since that time, this station has specialized almost exclusively in showing feature films and has acquired a cataloge holding of some 14,000 entries. U.S. Neilson ratings last year placed this station as the most popular single station in the Southern United States.

b) Time sensitivity

This question is relevant in terms of both the desire of people to see certain types of programming "live" as well as the time that people are willing to sit in front of a television set for any one program. Surveys done in the U.S. and Canada seem to indicate that the impact of live sports events varies greatly according to the nature of the sport event; that is, where it is a local event or a national event, or an international event that is not usually followed by a dedicated number of fans. The time that people are willing to sit for any one program, would not seem to be a critical factor as evidenced in the popularity of feature length films. It may well be, however, that many people in Saskatchewan cities would be selective in terms of the time in a given evening that they would watch television and that during that time they may wish to watch one movie rather than three or four ½-hour network programs.

c) Advertising

Studies done in the U.S. would tend to indicate that systems carrying little advertising or no advertising will realize increases in penetration rates within the first five years of between 5% and 10% as a result of this variable alone.

... 15

d) Price

It is clear that demand for either conventional cable television service or pay TV or a modified closed circuit offering, is not totally inelastic. Indications are that a maximum price of $6.00 or $7.00 for a basic cable service and $4.00 or $5.00 for a premium pay TV service in addition, or $10.00 to $11.00 for both program packages together will result in maximum penetration of the Saskatchewan market within the first five years of operation.

e) Supply and Delivery

This refers to the variety of programming available on a year round basis. If there is no need for summer repeats of regular programming, it is anticipated that this would increase demand. Simiarly, there may be some rationale for repeating special types of programing. It is vitally important that the supply of programming be guaranteed for three or four years and that the delivery system be developed with backup capability in the event of failure.

f) Revenue Requirements of the Operators

1) Operational surpluses - It is estimated that operational surpluses of between $100,000 - $200,000 a year by the fifth year of operation are sufficent to carry a closed circuit service.

2) Level of funding necessary for viable community programming - According to the Statistics Canada catalogue on cable television, the private cable television industry in Canada last year spent just over $3 million on community programming. This represented about 3% of their gross revenues. The four cable co-operatives stated in their financial projections in their CRTC applications that they intended to expend about $1.09 per subscriber per month by the end of the fifth year on community programming at 55% of all the households in the four cities (68,295). This would represent an annual figure of $893,298 from the fifth year of operation onwards.

g) Future possibilities to expand the service

It has already been pointed out under revenue projections that the cost for intercity delivery in program access for a closed circuit pay TV system are much less than those involved in the microwave transmission of these materials through a conventional cable system. This fact combined with the economies of scale

... 16

present in the cost per subscriber of securing a commercial program package, auger very well for an early expansion of this system to communities much smaller than those envisaged under a conventional cable system. For example, the cost of a basic program package distributed to 50,000 subscribers has been quoted at $3.00 per subscriber per month. At 75,000 subscribers, this cost would go down to $2.00 per subscriber per month. At 100,000 subscribers, the cost would go down to $1.50 per subscriber per month. The following table illustrates the costs involved in a closed circuit pay TV system as that system expands from 10 cities to 10 cities plus 83 other centers.

C.C.T.S.
Costs/Subscriber/Month* (In Dollars)

	10 cities	10 cities plus 45 towns	10 cities plus 83 centers
Sask Tel Local Distribution	$3.50	$3.48	$3,40
Basic Programming	3.00	2.00	1.50
Premium Programming	1.10	1.00	0.80
Duplication and Intercity Transmission	0.51	2.35	3.56
TOTAL	$8.11	$8.83	$9.26
Price Sensitivity Maximum Rate	10.95	10.95	10.95
Working Balance	2.84	2.12	1.69

*Assumes 55% penetration in 5 years.

... 17

APPENDIX D

METHODOLOGY

1. Comprehensive survey of existing Canadian and American research and statistics relating to pay cable and subscription television (STV). This included private studies and confidential material as well as public documents and reports.
2. Investigation of selected pay TV systems, both experimental and current operations, in the U.S. and Canada.
3. Consultation with communications/technology experts.
4. Interviews with experts regarding the economics, technological options and investment potential of pay TV.
5. Survey of opinion in the film and television production industries regarding the prospects for Pay-TV, its probable impact on other markets and the feasibility of various system designs for Pay-TV.
6. Interviews with Canadian producers, distributors, exhibitors, broadcasters, cable-casters, investors and systems operators.
7. Interviews and discussions with Federal Government officials from the CRTC, Department of Communications, and Secretary of State Department.
8. Interviews with officials in provincial departments responsible for communications policy (Quebec, Ontario, Saskatchewan).
9. Investigation of Canada's current film production capacity.
10. Analysis of national theatrical distribution patterns for feature films in ten key Canadian cities.
11. Analysis of several current Pay-TV proposals for Canada.
12. Research relating to audience viewing patterns, regulation, jurisdiction, and market demand for Pay-TV.

APPENDIX E

THE COUNCIL OF CANADIAN FILMMAKERS
Box 1003, Station A, Toronto, Ontario M5W 1G5. telephone (416) 869-0716

COUNCIL OF CANADIAN FILMMAKERS

The Council of Canadian Filmmakers is an umbrella organisation which represents,through its individual and organization members, 10,000 film directors, writers, actors, technicians, and production personnel in the English Canadian film industry.

CCFM was formed in March, 1973 in response to the growing problems of the film industry. Speaking on behalf of its members, CCFM has presented numerous briefs and interventions to all three levels of government in Canada, and has spoken out in public and private forums on the need to improve the situation of the English Canadian film industry.

In the past year, CCFM has continued to press for legislated quota and levy systems to ensure that Canadian films have reasonable access to Canadian theatres, and to ensure that a reasonable percentage of Canadian box office earnings are returned to Canadian production. The Council has also undertaken extensive research in the area of Pay-TV.

The objective of the Council of Canadian Filmmakers is to promote the development of an indigenous English Canadian film industry by:

- informing Government and the public of the situation in the film industry in English Canada

- presenting a unified industry voice in negotiations with Government; in public forums; and in the press

- lobbying for the conditions which will make an indigenous film industry viable in Canada.

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Box 1003, Station A, Toronto, Ontario M5W 1G5. telephone (416) 869-0716

MEMBER ORGANIZATIONS

1. A.C.T.R.A.
2. BRITISH COLUMBIA FILM INDUSTRY ASSOCIATION
3. CANADIAN FILM EDITORS GUILD
4. CANADIAN SOCIETY OF CINEMATOGRAPHERS
5. DIRECTORS GUILD OF CANADA
6. I.A.T.S.E. 644C
7. I.A.T.S.E. 873
8. N.A.B.E.T. 700
9. SYNDICAT GENERAL DU CINEMA ET TELEVISION (ONF) NFB UNION
10. TORONTO FILMMAKERS CO-OP

1976-77 OFFICERS

CHAIRPERSON	-	Sandra Gathercole
VICE-CHAIRPERSON	-	Don Wilder
SECRETARY-TREASURER	-	Grant McLean

EXECUTIVE COMMITTEE MEMBERS

Bill Boyle	-	Toronto Filmmakers Co-op
Guy Cote	-	SGCT
Kirwan Cox	-	General membership
Pen Densham	-	General membership
Natalie Edwards	-	General membership
Jack Gray	-	ACTRA
Allan King	-	General membership
Harry Makin	-	IATSE 644C
Ken Post	-	CSC
Finn Quinn	-	General membership
Pattie Robertson	-	BCFIA
Peter Shatalow	-	CFEG
Steve Sheridan	-	IATSE 873
Patrick Spence-Thomas	-	NABET 700

Ontario

Office of the Minister

Ministry of
Transportation and
Communications

Toronto Ontario

May 9, 19

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Mr. Harry Boyle,
Chairman,
Canadian Radio-television and
Telecommunications Commission,
100 Metcalfe Street,
Ottawa, Ontario,
K1A 0N2.

Dear Mr. Boyle:

While the Government of Ontario does not intend to intervene in the CRTC hearing beginning May 30 on Pay-TV, I do want to bring to your attention our initial views on policy guidelines which I presented to the recent Federal-Provincial Conference of Communications Ministers in Edmonton. I intend to present a more detailed position to Madame Sauve and my provincial colleagues in the near future and will forward a copy to you at that time.

With kindest regards, I remain,

Yours sincerely,

James Snow,
Minister.

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COUNCIL OF COMMUNICATIONS MINISTERS

Statement by the Honourable James Snow
Minister of Transportation and Communications
Initial Views on
Policy Guidelines for Pay TV

Ontario

Edmonton
March 29-30, 197[illegible]

POLICY GUIDELINES FOR PAY TV

MADAME SAUVE

DOCTOR WARRACK,

I WISH TO SET OUT ONTARIO'S INITIAL THOUGHTS ON PAY TV. ONTARIO WILL BE ISSUING A FULLER POSITION PAPER IN THE FUTURE.

IN MY OPENING COMMENTS I INDICATED THAT [illegible] WANTS TO LICENSE AND REGULATE CABLE DISTRIBUTION SYSTEMS INCLUDING PAY TV SERVICES THAT MAY BE OFFERED BY THOSE SYSTEMS. SINCE THAT STATEMENT IS CLEAR ENOUGH I DO NOT INTEND TO ADDRESS FURTHER THE QUESTION OF WHO SHOULD REGULATE WHAT.

IN GENERAL, ONTARIO BELIEVES THAT PAY TV IS INEVITABLE AND THAT IT IS A DESIRABLE DEVELOPMENT -- PROVIDED IT IS INTRODUCED PROPERLY. PAY TV CAN BENEFIT THE CONSUMER; THE INDUSTRIES THAT PROVIDE THE PROGRAMMING OR SOFTWARE; AND THE SYSTEMS THAT DELIVER PAY TV SERVICES TO THE HOME.

FROM ONTARIO'S POINT OF VIEW THERE APPEAR TO BE TWO BROAD ALTERNATIVE ROUTES THAT COULD BE PURSUED IN ESTABLISHING PAY TV. IT COULD BE DEVELOPED ON THE BASIS OF A HIGHLY CENTRALIZED MONOPOLY SYSTEM -- [illegible] MODEL OF TELEVISION BROADCASTING AS WE KNOW IT TODAY. OR, IT COULD DEVELOP AND EVOLVE ON THE BASIS OF A [illegible] COMPETITIVE SYSTEM. ONTARIO [illegible]

LATTER ALTERNATIVE, WHICH WILL ENSURE THAT PAY TV WILL OFFER PROGRAMMING TO THE CONSUMER WHICH IS DIFFERENT FROM THAT HE OR SHE NOW RECEIVES.

POLICY OBJECTIVES FOR PAY TV

THE GREATEST BENEFITS CAN BE ACHIEVED IF THE FOLLOWING BROAD POLICY OBJECTIVES GOVERN THE INTRODUCTION AND DEVELOPMENT OF PAY TV SYSTEMS:

- PAY TELEVISION SHOULD BRING ABOUT GREATER CHOICE AND DIVERSITY IN COMMUNICATIONS SERVICES FOR THE CONSUMER.
- PAY TELEVISION SHOULD PROVIDE NEW SOURCES OF REVENUE BOTH FOR THE CULTURAL AND PROGRAM PRODUCTION INDUSTRIES, AND FOR THE SYSTEMS PROVIDING PAY TELEVISION SERVICE.
- PAY TELEVISION SHOULD BE INTRODUCED IN SUCH A WAY AS TO PERMIT THE DELIVERY OF SPECIALIZED ENTERTAINMENT, INFORMATION AND EDUCATIONAL SERVICES.
- TO THE EXTENT POSSIBLE PAY TELEVISION SHOULD OPERATE ON THE BASIS OF A MARKET COMPETITIVE SYSTEM.

<u>Program Production</u>

Pay Television holds great potential for the cultural industries, in general, and for the film and television production industries, in particular; no one would deny that these industries are badly in need of a financial shot-in-the-arm. Public subsidization of the performing arts continues to rise -- in some cases now accounting for sixty-five cents of every admission ticket dollar. The typical well-produced Canadian film -- produced on a budget of one million dollars -- will gross only $400,000 during its first year of Canadian exhibition; after all production costs are taken care of, it will return five cents on the dollar to the investor. Small wonder that only fifteen percent of Canadian directors have had the opportunity to direct a feature-length film.

Pay Television can and should provide an additional market for the cultural and production industries, and thereby provide a much needed source of addtional box-office revenues. In addition, the bidding process for pay TV rights will open up a new source of investment funds for these industries.

Canadian program producers should be given maximum freedom to sell their products. Access to distribution systems must be guaranteed, but the industry should not be shielded unduly from the need to compete.

ONTARIO HAS MAJOR RESERVATIONS ABOUT THE BENEFITS THAT WOULD FLOW FROM FIXED LEVIES AND EXCESSIVE SUBSIDIZATION. THE OBJECTIVE SHOULD BE OVER TIME TO REDUCE RELIANCE OF THE PROGRAM PRODUCTION AND FILM INDUSTRIES ON GOVERNMENT CONTROL AND SUBSIDY SCHEMES.

THE EMPHASIS SHOULD BE ON THE PRODUCTION OF HIGH QUALITY PROGRAMS THAT AUDIENCES WILL WANT TO PURCHASE. IF THIS IS ACHIEVED THERE WILL BE MARKETS INSIDE CANADA AND CONSIDERABLE POTENTIAL FOR EXPORT SALES. AS IN ANY OTHER INDUSTRIAL ACTIVITY IN WHICH CANADA HOPES TO REMAIN COMPETITIVE, WE WILL HAVE TO SPECIALIZE IN THOSE THINGS WE DO WELL. PERHAPS WE WILL DISCOVER THAT WE ARE EXPERT AT PRODUCING NON-ENTERTAINMENT, SPECIALIZED INFORMATION PROGRAMS AND THAT IN ENTERING THIS MARKET WE NEED NOT COMPETE WITH THE HOLLYWOOD GIANTS.

IN SUM, THE GREATEST BENEFITS WILL FLOW FROM A PAY TELEVISION SYSTEM WHICH PROVIDES THE GREATEST FLEXIBILITY AND FREEDOM TO THE CANADIAN FILM AND PROGRAM PRODUCTION INDUSTRIES TO PRODUCE AND MARKET THEIR PRODUCTS. ONE THING IS STARKLY CLEAR FROM READING THE PAY TV BRIEFS SUBMITTED TO THE FEDERAL MINISTER -- CANADIAN PRODUCERS WANT ACCESS TO CANADIAN AUDIENCES. ONTARIO HAS SERIOUS DOUBTS THAT THIS CAN BE BEST ACHIEVED THROUGH A RIGIDLY CONTROLLED AND CENTRALIZED SYSTEM.

TYPE OF PROGRAMS

PAY TELEVISION CAN AND SHOULD BRING ABOUT GREATER CHOICE AND DIVERSITY OF PROGRAMS AVAILABLE TO THE HOME. THE ECONOMICS OF PAY TELEVISION WILL [illegible] PROGRAMMERS TO CATER TO SPECIAL INTERESTS AND MINORITY TASTES.

PAY TELEVISION PROGRAMMING SHOULD NOT DUPLICATE PROGRAMMING NOW PROVIDED BY BROADCASTERS. IT SHOULD NOT BE A DEVICE TO PUMP SIMPLY MORE OF THE SAME INTO THE HOME. NEITHER SHOULD IT REMAIN JUST ANOTHER TV MOVIE CHANNEL.

GUIDELINES FOR THE INTRODUCTION OF PAY TV SHOULD ENSURE THAT, OVER TIME, IT LEADS TO THE DEVELOPMENT OF A WIDE-RANGE OF SPECIALIZED ENTERTAINMENT, INFORMATION AND EDUCATIONAL SERVICES.

PROGRAM DISTRIBUTION

ONTARIO RECOGNIZES THAT INITIALLY THERE MAY BE SOME ADVANTAGES IN THE CREATION OF A HIGHLY CENTRALIZED MONOPOLY PAY TV DISTRIBUTOR; HOWEVER, ONTARIO HAS SERIOUS RESERVATIONS ABOUT THE LONGER RANGE DISADVANTAGES.

Such a system could reduce the benefits accruing to Canadian film and program producers; it would limit the flexibility of the delivery systems in responding to the market; it would reduce the potential choice available to the consumer.

Ontario has even greater reservations regarding direct federal government involvement in program distribution. Ontario simply does not believe it is desirable to create another federally controlled broadcasting network.

In general, it is Ontario's view that there would be more balanced benefits for all involved if an element of competitive distribution were retained.

LOCAL PROGRAM DELIVERY

Pay Television is a discretionary, optional service. As such, cable is the ideal means of local delivery. Its multichannel capacity will bring the broadest range of services to the most people.

In some urban areas, the frequency spectrum is already badly congested. In these areas Ontario does not think spectrum should be used to deliver a discretionary service.

IN OTHER AREAS, PARTICULARLY RURAL AREAS, 'OFF-AIR' DELIVERY OF PAY TV MAY BE FEASIBLE AND DESIRABLE.

GEOGRAPHICAL DELIVERY

THERE HAS BEEN CONSIDERABLE DISCUSSION OF WHETHER LONG-HAUL DELIVERY SHOULD BE ON A UNIFORM NATIONAL OR ON A REGIONAL BASIS. ONTARIO BELIEVES THAT GREATER FLEXIBILITY COULD BE ACHIEVED THROUGH REGIONAL DELIVERY.

IN THE END, HOWEVER, ECONOMIC CRITERIA SHOULD BE THE DETERMINING FACTOR. THE GROUPINGS OF DELIVERY SYSTEMS THAT COME INTO EXISTENCE TO PURCHASE PROGRAMMING SHOULD DETERMINE THEMSELVES HOW PAY SERVICES CAN BE DELIVERED, WHETHER BY BICYCLING, MICROWAVE OR SATELLITE, TO MANY CONSUMERS AS POSSIBLE AT LEAST COST.

METHOD OF PAYMENT

IDEALLY, PAY TELEVISION SHOULD OPERATE ON THE BASIS OF PAY-PER-PROGRAM.

SUCH A SYSTEM WOULD PERMIT GREATER PROGRAM DIVERSITY. IT WOULD MAXIMIZE THE REVENUES ACCRUING TO PROGRAM PRODUCERS. IT WOULD MINIMIZE AUDIENCE

FRAGMENTATION. IT WOULD LEAD TO FEWER "DISCONNECTS" OF PAY TV SUBSCRIBERS, AND IT WOULD ENABLE MORE CANADIAN PROGRAMS TO BE SHOWN.

I SAY THIS IS THE IDEAL; I RECOGNIZE THAT THERE ARE TECHNICAL AND COST OBSTACLES TO ITS INTRODUCTION TODAY. AT THE SAME TIME, WE SHOULD BE CAUTIOUS ABOUT FORGING AHEAD WITH THE CHEAPEST POSSIBLE HARDWARE SYSTEM IF IN SO DOING WE SUBSTANTIALLY LIMIT FOR SOME TIME TO COME THE ABILITY OF PAY TV SYSTEMS TO PROVIDE THE GREATEST BENEFITS POSSIBLE.

TIMING OF INTRODUCTION OF PAY TV

AS FAR AS THE TIMING OF THE INTRODUCTION OF PAY TV IS CONCERNED, ONTARIO BELIEVES IT SHOULD TAKE PLACE ONLY WHEN THERE IS GENERAL SATISFACTION THAT APPROPRIATE GUIDELINES HAVE BEEN ESTABLISHED.

THESE ARE ONTARIO'S INITIAL THOUGHTS ON POLICY GUIDELINES FOR PAY TELEVISION. I WOULD ONLY REPEAT ONTARIO'S PREFERENCE FOR A SYSTEM WHICH OPERATES, TO THE EXTENT POSSIBLE, IN RESPONSE TO A MARKET COMPETITIVE SITUATION.

I LOOK FORWARD TO HEARING THE POINTS OF VIEW OF THE OTHER PROVINCES AND THE FEDERAL GOVERNMENT, AND WOULD HOPE TO PUT FORWARD FURTHER AND MORE DETAILED VIEWS IN FUTURE.

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THE UNDERSIGNED REQUESTS THE OPPORTUNITY TO PRESENT TO THE COMMISSION A JOINT STATEMENT EXPRESSING OUR COLLECTIVE CONCERNS ABOUT THE INTRODUCTION ABOUT PAY-TV INTO CANADA AT THE COMMENCEMENT OF THE PUBLIC HEARINGS SCHEDULED TO BEGIN MAY 30TH. SEVERAL OF THE SIGNATORIES HAVE SUBMITTED SEPARATE BRIEFS AND/OR REQUESTED APPEARANCES DURING THE HEARINGS. THIS REQUEST IS NOT INTENDED TO REPLACE THE INDIVIDUAL APPEARANCES REQUESTED BY MEMBERS OF THIS GROUP WHO STILL WISH THE OPPORTUNITY TO DEVELOP THEIR OWN POSITIONS BEFORE THE COMMISSION IN MORE

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DETAIL. HOWEVER, WE BELIEVE IT WOULD EXPEDITE THE PROCEEDINGS OF THE HEARING IF THIS GROUP WERE TO MAKE AN INITIAL JOINT APPEARANCE IN ORDER TO IDENTIFY THE PRINCIPALS OF PAY-TV WHICH THEY HOLD IN COMMON. WE BELIEVE PAY-TV CANNOT JUSTIFY IT'S INTRODUCTION INTO CANADA UNLESS IT SERVES THE PUBLIC INTEREST AND THE CULTURAL PRIORITIES OF THE COUNTRY AND IS VIEWED IN THE CONTEXT OF THE EXISTING ELEMENTS OF OUR COMMUNICATIONS SYSTEM. SPECIFICALLY, WE BELIEVE: (1) PAY-TV MUST BE A CANADIAN SYSTEM. WE ARE UNEQUIVOCALLY OPPOSED TO ANY CANADIAN PAY-TV SYSTEM WHICH IS AMERICAN IN CONTENT OR STRUCTURE. (2) THE STRUCTURE OF PAY-TV MUST MINIMIZE HARDWARE EXPENSE THEREFORE A DISCRETIONARY OR PAY-PER-PROGRAM SYSTEM SHOULD NOT BE INTRODUCED AT THIS TIME. (3) PAY-TV SHOULD BE INTRODUCED AS A UNIVERSAL SYSTEM USING CABLE AS THE COMMON CARRIER ONLY. (4) THE PAY-TV NETWORK SHOULD BE A REGULATED, NON PROFIT MONOPOLY DIVIDED ONLY BY LANGUAGE INTO FRENCH AND ENGLISH SYSTEM. (5)

ALL NET REVENUES OF PAY-TV SHOULD BE INVESTED IN CANADIAN PROGRAM PRODUCTION TO ENABLE PAY-TV TO RADICALLY INCREASE THE FINANCIAL BASE OF THE CANADIAN PRODUCTION INDUSTRY. (6) PAY-TV SHOULD NOT BE CONTROLLED, DIRECTLY OR INDIRECTLY, BY ANY SINGLE SEGMENT OF THE COMMUNICATIONS INDUSTRY - INCLUDING BROADCASTERS, CABLE OPERATORS, PRODUCERS, OR HARDWARE MANUFACTURERS. (7) PAY-TV SHOULD PROVIDE HIGH QUALITY, ORIGINAL PROGRAMMING WHICH IS SUPPLEMENTARY, AND COMPLEMENTARY, TO THE BROADCASTING SYSTEM IN ORDER TO MINIMIZE ANY POSSIBLE DAMAGE TO THE EXISTING ELEMENTS OF THAT SYSTEM. (8) PAY-TV SHOULD ACTIVALLY PROMOTE AND ENCOURAGE THE PARTICIPATION OF CANADA'S PERFORMERS, DIRECTORS, WRITERS, AND PRODUCERS, AND PROVIDE THE WIDEST POSSIBLE ACCESS FOR ALL CANADIAN PROGRAM SOURCES. WE ANTICIPATE THAT OTHER ORGANIZATIONS WILL JOIN THIS GROUP IN PRESENTING A COMMON POSITION TO THE COMMISSION ON MAY 30TH. WE THANK YOU AND LOOK FORWARD TO THAT OPPORTUNITY. SUBMITTED ON BEHALF OF:

KEALY BROOKER - CANADIAN BROADCASTING LEAGUE, JOHN HORDAY - CANADIAN CONFERENCE OF THE ARTS, JOHN ROSS - CANADIAN FILM AND TELEVISION ASSOCIATION, SANDRA GATHERCOLE - COUNCIL OF CANADIAN FILMMAKERS, STUART MACKAY - SELKIRK HOLDINGS LIMITED.

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MR. HARRY BOYLE
CHAIRMAN
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THE ADVISORY ARTS PANEL OF THE CANADA COUNCIL REPRESENTATIVE OF THE ARTISTIC COMMUNITY WHO WILL ULTIMATELY BE RESPONSIBLE FOR THE PRODUCTION OF PROGRAMS URGENTLY RECOMMENDS THAT A PUBLICLY OWNED CORPORATION BE ESTABLISHED WITH EXCLUSIVE JURISDICTION IN PAY TELEVISION BROADCASTING IN CANADA. GOVERNED BY AN INDEPENDENT PUBLICLY APPOINTED BOARD. RESPONSIBLE TO THE ELECTED PARLIAMENT OF CANADA OR TO THE PROVINCIAL ASSEMBLIES ACCORDING TO THE CONSTITUTION. ALL PROFITS FROM SUCH A CORPORATION WOULD BE DIRECTED TOWARD ORIGINAL CANADIAN PRODUCTIONS. WE BELIEVE THE CANADIAN PEOPLE WOULD BE FAILED BY A GOVERNMENT THAT ALLOWED THE ENORMOUS POTENTIAL PROFITS OF PAY TELEVISION AND THE CONTROL OVER PROGRAMMING TO FLOW OUT OF THIS COUNTRY.

ALAN ARMSTRONG
SECRETARY OF COUNCIL
Canada Council
255 Albert Street
Ottawa, Ontario

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